

**ALASKA RAILROAD CORPORATION  
DBE GOAL FY 2022-2024**

**Submitted to:**

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## DBE Goal Setting Evidence and Methodology

### I. Preface

The Alaska Railroad Corporation (ARRC), as a recipient of federal funds to support its provision of public transportation, is required to submit a Disadvantaged Business Enterprise (DBE) goal methodology to the Federal Transit Administration (FTA) triennially. This goal methodology has been prepared according to the criteria set forth at 49 CFR Part 26. It is based on the availability of all DBE firms that are ready, willing and able to perform work on FTA-assisted contracts relative to all businesses that are ready, willing and able to participate in FTA-assisted contracts. ARRC followed the process detailed in this document to calculate the proposed goal. This process resulted in a proposed overall DBE goal of 4%, which ARRC expects to meet through race-neutral means.

### II. Step No. 1 of the DBE Goal Calculation, 49 CFR § 26.45(c)

In Step No. 1 of the calculation, ARRC's objective is to determine the relative availability of DBEs to perform the types of contracts (both prime and subcontracts) that ARRC intends to let during Federal Fiscal Years 2022-2024. Accordingly, the first area of inquiry for Step No. 1 is an examination of the FTA-funded projects ARRC currently plans for that time period:

<b>Project</b>	<b>FTA Funding 2022 - 2024</b>	<b>Work Will be Performed by</b>
Preventive Maintenance	41,757,135	Contractor and ARRC Internal Forces
Bridge Rehabilitation Program	27,772,901	Contractor and ARRC Internal Forces
Transit Asset Management	1,732,000	Contractor
Track Rehabilitation Program	42,309,832	Contractor and ARRC Internal Forces
Passenger Car Rehabilitation Program	6,696,000	Contractor and ARRC Internal Forces
Locomotive Truck Rebuild	87,200	ARRC Internal Forces
Technology Program	570,000	ARRC Internal Forces
Portage Station Improvements	892,194	Contractor and ARRC Internal Forces

Breaking each of these project categories down into their potential for contracting opportunities, the results show:

Preventive Maintenance. From 2022-2024, ARRC anticipates receiving approximately \$41,757,000 in Preventive Maintenance funds. Because ARRC receives these funds on a continuing basis, some of the

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funds are already dedicated to ongoing contracts. The remainder of the PM funds that ARRC reasonably anticipates awarding under contract are included in the goal methodology set forth below.

Bridge Rehabilitation Program. Between 2018 and 2020, ARRC conducted condition evaluations of all ARRC bridges and identified conditions that require attention to preserve the serviceability of the structure, elements that need to be strengthened, or bridges that are at the end of their useful life or cannot be permanently repaired in an economic manner. ARRC will issue contracts for the repair, rehabilitation, or replacement of several bridges during 2022-2024. The contracting opportunities associated with this work are included in ARRC's goal methodology.

Transit Asset Management. To date, ARRC has used FTA funds to engage contractors to develop a TAM needs assessment and develop functional requirements. Currently, and for completion in FFY 2021, a contractor will evaluate options for the selection, purchase, and implementation of one or more systems that track, manage, and report on assets and support investment and state-of-good-repair decision-making. The contractor will recommend the best fit for ARRC among systems on the market and identify the procurement strategy that may be most successful. Starting in FFY 2022, ARRC will conduct a procurement, select one or more software vendors, and then enter contracts to configure and implement the system. The TAM system is included in the methodology below.

Track Rehabilitation Program. ARRC performs the majority of its own track work using internal forces, but issues contracts for certain track rehabilitation services that require large pieces of specialized equipment that ARRC does not own and maintain itself. During the 2022-2024 timeframe, ARRC plans to expend FTA funds on ballast maintenance work, which is included in the goal methodology below.

Passenger Car Rehabilitation Program. As part of a multi-year project, ARRC will be using this money to rehabilitate numerous baggage, diner, café, and passenger cars. ARRC internal forces will perform a portion of the labor. However, a significant portion of the work will be completed through contracting, including flooring, exterior painting, interior surfaces, carpeting, and upholstery. The various contracting opportunities afforded by this program are included in the goal methodology.

Locomotive Truck Rebuild. All labor for this project will be performed by ARRC internal forces. There are no contracting opportunities in this category.

Technology Program. All labor for this project will be performed by ARRC internal forces. There are no contracting opportunities in this category.

Portage Station Improvements. This project will relocate the passenger rail platform and station at Portage to the south of the existing facility footprint, and will improve track elements, provide parking and drainage improvements, provide full-level platform boarding, and add pedestrian safety amenities, vault toilets and passenger shelters. Contracting opportunities afforded by FTA's participation in this project are included in the goal methodology.

*Potential Methodologies for Determining Relative Availability*

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Methodology 1: Divide the number of DBEs in the market by the number of all businesses (DBE and non-DBE) in the market to derive a base figure for the relative availability of DBEs. Within Alaska, ARRC's market area is formed by the municipalities and boroughs along the railbelt: Kenai Peninsula Borough, Valdez-Cordova Census Area, Municipality of Anchorage, Matanuska-Susitna Borough, Denali Borough, and the Fairbanks North Star Borough. The calculations are broken down as follows:

NAICS Code <sup>1</sup>	Nature of Work	DBEs	All Businesses	Relative Availability
562991	Septic Pumping	0	21	0.0000
238190	Elevator Maintenance	0	11	0.0000
488210	Vegetation Management	0	3	0.0000
561730	Lawn Care/Snow Removal - Anchorage	0	84	0.0000
561720	Janitorial - Seward	0	4	0.0000
561720	Janitorial - Healy	0	4	0.0000
561720	Janitorial - Anchorage	2	91	0.0220
561720	Janitorial - Girdwood	0	6	0.0000
561720	Janitorial - Fairbanks	0	33	0.0000
23731	Bridge Rehabilitation – Erosion Control	12	64	0.1875
56199	Bridge Rehabilitation – Traffic Control	7	25	0.2800
54162	Bridge Rehabilitation – Permitting	20	64	0.3125
54133	Bridge Rehabilitation – Geotechnical	3	204	0.0147
23891	Bridge Rehabilitation – Clearing/Grubbing	19	177	0.1073
511210	TAM Software Purchase, Configuration & Implementation	0	4	0.0000
488210	Ballast Maintenance	1	6	0.1667
811121	Passenger Car Rehabilitation – Exteriors	0	43	0.0000
336611	Passenger Car Rehabilitation – Interior Floor Repairs	2	3	0.6667
238220	Passenger Car Rehabilitation – Metal Fabrication	2	4	0.5000
238330	Passenger Car Rehabilitation - Flooring	6	54	0.1111
811420	Passenger Car Rehabilitation - Upholstery	0	3	0.0000
336510	Passenger Car Rehabilitation - 40-Year Truck Overhauls	0	1	0.0000
238390	Passenger Car Rehabilitation - Interior Surfaces	0	8	0.0000
54162	Portage Station Improvements – Permitting	20	64	0.3125

<sup>1</sup> ARRC obtained the appropriate NAICS codes from the NAICS Manual (2017), corporate filings, and direct communication with contractors. The number of DBE firms in those NAICS codes was derived from the State of Alaska AUCP's DBE Directory, <http://www.dot.state.ak.us/cvlrts/directory.shtml>. The total number of businesses in the relevant market area bearing those NAICS codes was derived from the U.S. Census, [Explore Census Data](#).

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Combined Totals	94	981	0.0958
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Methodology 2: Use a bidders list from the previous year. Although ARRC has had projects similar to those listed above in previous years, it was determined that the bidders list for those projects may not adequately reflect the relative availability of DBEs in the market.

Methodology 3: Use information from a disparity study. At this time, ARRC does not have a disparity study.

Methodology 4: Use the goal of another recipient. The Alaska Department of Transportation & Public Facilities (DOT&PF) receives federal funding from FTA, the Federal Highway Administration, and the Federal Aviation Administration and sets DBE goals for each of those agencies. Because the ARRC's projects are not significantly similar to DOT&PF's FHWA projects (highway), its FAA projects (airport) or its FTA projects (bus and ferries), it was determined that this methodology should not be used as a determinative measure for arriving at a goal for the ARRC.

Methodology 5: Use alternative methods that appropriately reflect the relative availability of DBEs. No appropriate methods were found.

Having considered each of the methodologies set forth above, ARRC determined that the figure that best represents the overall base relative availability of DBEs for ARRC's FTA-funded projects, before weighting, is 0.0958.

### *Weighting the Base Figure*

Using the FTA's Weighting Base Figure Worksheet, ARRC's rounded, weighted base figure is 8%. A copy of the Weighting Base Figure Worksheet, including specific dollar amounts for projects by NAICS number, is attached to this DBE Goal submission.

### **III. Step Two of the DBE Goal Calculation, 49 CFR § 26.45(d)**

Step 2 of the goal-setting procedure requires recipients to make adjustments, if necessary, to the base figure calculated in Step 1 above. Factors to be considered include: (1) the current capacity of DBEs to perform work on DOT-funded contracts as measured by the volume of work DBEs have performed in recent years; (2) evidence from disparity studies; (3) if using another recipient's goal, adjustments required for differences in markets and contracting programs (this factor is inapplicable); (4) if available, evidence from related fields that affect opportunities for DBEs to form, grow and compete; (5) statistical disparities in the ability of DBEs to get financing, bonding and insurance; and (6) data on employment, self-employment, education, training, and union apprenticeship programs, to the extent that it is relevant to opportunities for DBEs to perform in the recipient's program.

Having considered the Step 2 factors set forth in the regulations, ARRC finds that the factor most relevant to its program is historical data showing the work performed by DBEs on ARRC projects in the past three

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years and in 2021 to date. The use of this factor is justified by the fact that many of the contracting opportunities in 2022-2024 will be substantially similar to those experienced by the ARRC in past years. As reported previously in the ARRC's Uniform Semiannual DBE Reports, the historical figures have been 0% in each reporting period, resulting in a median figure of 0%.

### IV. ARRC Overall Goal Calculation FY 2019-2021

Step 1: Rounded Weighted Base Rate	8%
Step 2: Median Based on Historical Participation	0%
Average Step 1 and Step 2:	4%

ARRC finds that the rounded weighted base rate, as adjusted, is consistent with its overall DBE goals in recent years. Accordingly, ARRC will use the rounded, weighted base rate as its overall goal.

**ARRC DBE Goal for FY 2022-2024** **4%**

### V. Division of Goal into Race Conscious and Race Neutral Means of Achievement, 49 CFR §§ 26.45(f)(3), 51(c)

At the present time, the ARRC does not have a disparity study evidencing actual discrimination in federally-funded contracting opportunities against DBEs. Therefore, in accordance with 49 CFR § 26.45(f)(3), 49 CFR § 26.51(c), the FTA's "Disadvantaged Business Enterprises; Western States Guidance for Public Transportation Providers," 71 FR 14775 (March 23, 2006), and Western States Paving Co. v. United States Dept. of Transportation, 407 F.3d 983 (9<sup>th</sup> Cir. 2005), the ARRC maintains a fully race-neutral DBE Program.

### VI. Consultation and Publication, 49 CFR §26.45(g)(1)

In March 2021, ARRC participated in the annual statewide DBE conference hosted by the Alaska Department of Transportation & Public Facilities. This well-attended conference (virtual in 2021) offers business development information to DBEs, and affords recipients and DBEs the opportunity to learn about each other's projects and capabilities.

For further input on ARRC's overall goal, ARRC conducted outreach activities to obtain information relevant to the goal setting process, and to directly inform such stakeholders of the efforts ARRC has undertaken to encourage public/DBE feedback:

- Published the proposed goal and methodology on ARRC's website, accessible at [www.alaskarailroad.com](http://www.alaskarailroad.com);
- Advertised the proposed goal in a statewide Public Notice format, a copy of which is attached to this document, providing for a 30-day public comment period;
- Issued, via the Public Notice, a public meeting invitation, to be held virtually due to the ongoing pandemic; and

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- Published follow-up reminders of the public meeting on social media and on the corporate website.

ARRC held the public meeting on August 18, 2021 via Zoom, with representatives present from ARRC's procurement, project management, and legal departments to discuss the goal methodology. The public comment period ended August 31, 2021. ARRC did not receive any input that changed the calculation of the proposed 4% overall goal. Accordingly, ARRC's DBE goal for FY 2022-2024 is 4%.

In an effort to enhance public participation, during the next triennial DBE goal-setting effort in 2024, ARRC will conduct outreach activities and host a similar meeting with stakeholders during the non-construction season/winter (e.g., January).

**Step 1 - Determine the weight of each type of work by NAICS Code:**

\* Enter all the FTA-assisted projects below. Project amounts should be assigned relevant NAICS Code(s).

	NAICS Code	Project	Amount of DOT funds on project:	% of total DOT funds (weight)
1)	562991	Preventive Maintenance - Septic Service	\$268,000.00	0.0213
2)	238190	Preventive Maintenance - Elevator Maintenance	\$64,000.00	0.0051
3)	488210	Preventive Maintenance - Vegetation Management, Railway Applic.	\$510,000.00	0.0406
4)	561730	Lawn Care/Snow Removal - Anchorage	\$110,000.00	0.0088
5)	561720	Janitorial - Seward	\$340,000.00	0.0270
6)	561720	Janitorial - Healy	\$77,000.00	0.0061
7)	561720	Janitorial - Anchorage	\$166,000.00	0.0132
8)	561720	Janitorial - Girdwood	\$25,000.00	0.0020
9)	561720	Janitorial - Fairbanks	\$185,000.00	0.0147
10)	23731	Bridge Rehabilitation - Erosion Control	\$572,670.00	0.0456
11)	56199	Bridge Rehabilitation - Traffic Control	\$155,000.00	0.0123
12)	54162	Bridge Rehabilitation - Permitting	\$387,479.00	0.0308
13)	54133	Bridge Rehabilitation - Geotechnical	\$613,798.00	0.0488
14)	23891	Bridge Rehabilitation - Clearing/Grubbing	\$10,000.00	0.0008
15)	511210	TAM Software Purchase, Configuration & Implementation	\$1,732,000.00	0.1378
16)	488210	Ballast Maintenance	\$2,000,000.00	0.1591
17)	811121	Passenger Car Rehabilitation - Exteriors	\$3,002,974.00	0.2389
18)	336611	Passenger Car Rehabilitation - Interior Floor Repairs	\$169,065.00	0.0134
19)	332322	Passenger Car Rehabilitation - Metal Fabrication	\$349,600.00	0.0278
20)	238330	Passenger Car Rehabilitation - Flooring	\$496,200.00	0.0395
21)	811420	Passenger Car Rehabilitation - Upholstery	\$367,025.00	0.0292
22)	336510	Passenger Car Rehabilitation - 40-Year Truck Overhauls	\$40,000.00	0.0032
23)	238390	Passenger Car Rehabilitation - Interior Surfaces	\$812,600.00	0.0646
24)	54162	Portage Station Improvements - Permitting	\$117,465.00	0.0093
	<b>Total FTA-Assisted Contract Funds</b>		<b>\$12,570,876.00</b>	<b>1</b>



**Step 2 - Determine the relative availability of DBE's by NAICS Code:**

\* Use DBE Directory, census data and/or a bidders list to enter the number of available DBE firms and the number of available firms.

	NAICS Code	Project	Number of DBEs available to perform this work	Number of all firms available (including DBEs)	Relative Availability	
1)	562991	Preventive Maintenance - Septic Service	0	21	0.0000	
2)	238190	Preventive Maintenance - Elevator Maintenance	0	11	0.0000	
3)	488210	Preventive Maintenance - Vegetation Management, Railway Applic.	0	3	0.0000	
4)	561730	Lawn Care/Snow Removal - Anchorage	0	84	0.0000	
5)	561720	Janitorial - Seward	0	4	0.0000	
6)	561720	Janitorial - Healy	0	4	0.0000	
7)	561720	Janitorial - Anchorage	2	91	0.0220	
8)	561720	Janitorial - Girdwood	0	6	0.0000	
9)	561720	Janitorial - Fairbanks	0	33	0.0000	
10)	23731	Bridge Rehabilitation - Erosion Control	12	64	0.1875	
11)	56199	Bridge Rehabilitation - Traffic Control	7	25	0.2800	
12)	54162	Bridge Rehabilitation - Permitting	20	64	0.3125	
13)	54133	Bridge Rehabilitation - Geotechnical	3	204	0.0147	
14)	23891	Bridge Rehabilitation - Clearing/Grubbing	19	177	0.1073	
15)	511210	TAM Software Purchase, Configuration & Implementation	0	4	0.0000	
16)	488210	Ballast Maintenance	1	6	0.1667	
17)	811121	Passenger Car Rehabilitation - Exteriors	0	43	0.0000	
18)	336611	Passenger Car Rehabilitation - Interior Floor Repairs	2	3	0.6667	
19)	332322	Passenger Car Rehabilitation - Metal Fabrication	2	4	0.5000	
20)	238330	Passenger Car Rehabilitation - Flooring	6	54	0.1111	
21)	811420	Passenger Car Rehabilitation - Upholstery	0	3	0.0000	
22)	336510	Passenger Car Rehabilitation - 40-Year Truck Overhauls	0	1	0.0000	
23)	238390	Passenger Car Rehabilitation - Interior Surfaces	0	8	0.0000	
24)	54162	Portage Station Improvements - Permitting	20	64	0.3125	
	<b>Combined Totals</b>		<b>94</b>	<b>981</b>	<b>0.0958</b>	<b>Overall availability of DBEs</b>

**Step 3 - (Weight) x (Availability) = Weighted Base Figure**

	NAICS Code	Project	Weight	x	Availability	Weighted Base Figure
1)	562991	Preventive Maintenance - Septic Service	0.02132	x		
2)	238190	Preventive Maintenance - Elevator Maintenance	0.00509	x		
3)	488210	Preventive Maintenance - Vegetation Management, Railway Applic.	0.04057	x		
4)	561730	Lawn Care/Snow Removal - Anchorage	0.00875	x		
5)	561720	Janitorial - Seward	0.02705	x		
6)	561720	Janitorial - Healy	0.00613	x		
7)	561720	Janitorial - Anchorage	0.01321	x	0.02198	0.0003
8)	561720	Janitorial - Girdwood	0.00199	x		
9)	561720	Janitorial - Fairbanks	0.01472	x		
10)	23731	Bridge Rehabilitation - Erosion Control	0.04556	x	0.18750	0.0085
11)	56199	Bridge Rehabilitation - Traffic Control	0.01233	x	0.28000	0.0035
12)	54162	Bridge Rehabilitation - Permitting	0.03082	x	0.31250	0.0096
13)	54133	Bridge Rehabilitation - Geotechnical	0.04883	x	0.01471	0.0007
14)	23891	Bridge Rehabilitation - Clearing/Grubbing	0.00080	x	0.10734	0.0001
15)	511210	TAM Software Purchase, Configuration & Implementation	0.13778	x		
16)	488210	Ballast Maintenance	0.15910	x	0.16667	0.0265
17)	488210	Ballast Maintenance	0.23888	x		
18)	336611	Passenger Car Rehabilitation - Interior Floor Repairs	0.01345	x	0.66667	0.0090
19)	332322	Passenger Car Rehabilitation - Metal Fabrication	0.02781	x	0.50000	0.0139
20)	332322	Passenger Car Rehabilitation - Metal Fabrication	0.03947	x	0.11111	0.0044
21)	238330	Passenger Car Rehabilitation - Flooring	0.02920	x		
22)	811420	Passenger Car Rehabilitation - Upholstery	0.00318	x		
23)	336510	Passenger Car Rehabilitation - 40-Year Truck Overhauls	0.06464	x		
24)	54162	Portage Station Improvements - Permitting	0.00934	x	0.31250	0.0029
						0.0000
					<b>Total</b>	0.0794
					<b>%</b>	7.94
					<b>Rounded, Weighted Base Figure:</b>	<b>8%</b>

## FFY 2022-2024 DBE Goal Methodology

The Alaska Railroad Corporation (ARRC) invites you to participate in its triennial Disadvantaged Business Enterprise (DBE) goal-setting process. ARRC is developing an overall DBE goal for use on projects funded by the Federal Transit Administration. For the period beginning October 1, 2022 to September 30, 2024 (FFY 2022-2024) ARRC proposes the following overall DBE goal: **4 %** (4 % race-neutral, 0.00% race-conscious). You may find the goal methodology online at:

<https://www.alaskarailroad.com/corporate/procurement/dbe-program>

An online public meeting to discuss the goal will be held:

**Wednesday, August 18, 2021 from 10:00 a.m. until 11:00 a.m.**

Join Zoom Meeting:

<https://us02web.zoom.us/j/85178959373?pwd=ejkyaUFRldQemlRcElxRnJMemRlRkQ09>

During the public comment period beginning August 1, 2021 and ending August 31, 2021, comments may be provided via:

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Individuals with disabilities who may need auxiliary aids, services, and/or special modifications to attend or submit comments may contact Tina Wareham at 907.265.2613 or email at [sellerswarehamt@akrr.com](mailto:sellerswarehamt@akrr.com); TDD number 907.265.2621; requests should be made at least two days before the accommodation is needed to make any necessary arrangements.