

**ALASKA RAILROAD CORPORATION
DBE GOAL FY 2025-2027**

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 2025-2027. 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:

Project	FTA Funding 2025 - 2027	Work Will be Performed by
Preventive Maintenance	46,949,895	Contractor and ARRC Internal Forces
Bridge Rehabilitation Program	38,565,074	Contractor and ARRC Internal Forces
Transit Asset Management & Technology Program	1,200,000	Contractor
Track Rehabilitation Program	50,640,000	Contractor and ARRC Internal Forces
Operations Support Facilities	4,722,400	Contractor and ARRC Internal Forces
Tunnel Rehabilitation Program	14,760,000	Contractor and ARRC Internal Forces
Slide Zone Mitigation Program	2,700,000	Contractor and ARRC Internal Forces
Passenger Car Rehabilitation Program	4,800,000	Contractor and ARRC Internal Forces
Locomotive Equipment Rehabilitation	480,000	ARRC Internal Forces

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

DBE Goal Setting Evidence and Methodology

Preventive Maintenance. From 2025-2027, ARRC anticipates receiving approximately \$46,949,895 in Preventive Maintenance funds. Because ARRC receives these funds on a continuing basis, some of the 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 2025-2027. The contracting opportunities associated with this work are included in ARRC's goal methodology.

Transit Asset Management (TAM) and Technology Programs. ARRC anticipates expending FTA funds in 2025 on a transit asset management system or systems that integrate with its finance system to efficiently manage asset categories. As part of its ongoing efforts to comply with expanding cybersecurity requirements, ARRC will be contracting with networking consultants, specialized project managers, and cybersecurity experts over the next couple of years. 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 2025-2027 timeframe, ARRC plans to expend FTA funds on ballast maintenance work, which is included in the goal methodology below.

Operations Support Facilities. Under this program, ARRC will install, rehabilitate, and replace, as appropriate, operational support facilities intended for use by employees who operate trains or maintain track infrastructure. Over the next several years, the program will focus first on employee housing, administrative facilities, and support facilities in areas where no housing or limited report-to-work type capabilities exist. Contracting opportunities afforded by FTA's participation in this project are included in the goal methodology.

Tunnel Rehabilitation Program. ARRC intends to rehabilitate the existing 5,050-foot Portage Tunnel to extend its useful lifespan by replacing structural components, improving clearance, rehabilitating tunnel icing controls and drainage system, and replacing support features, such as heating units, lighting fixtures and cameras. The contracting opportunities associated with this work are included in ARRC's goal methodology.

Slide Zone Mitigation Program. This program uses FTA funds to implement safety improvements by reducing the risks from rock fall along identified segments of track, particularly in slide zones north of Talkeetna and south of Anchorage. The work, phased over several years, includes blasting rock outcroppings and cutting back shoulders to, among other benefits, reduce track maintenance efforts

DBE Goal Setting Evidence and Methodology

required to clear falling debris. The goal methodology includes contracting opportunities stemming from this work.

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

Potential Methodologies for Determining Relative Availability

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, Chugach Census Area (Whittier), Municipality of Anchorage, Matanuska-Susitna Borough, Denali Borough, and the Fairbanks North Star Borough. The calculations are broken down as follows:

NAICS Code ¹	Nature of Work	DBEs	All Businesses	Relative Availability
562991	Septic Pumping	0	28	0.0000
238190	Elevator Maintenance	0	5	0.0000
488210	Vegetation Management	0	3	0.0000
561730	Lawn Care/Snow Removal - Anchorage	0	101	0.0000
561720	Janitorial - Seward	0	3	0.0000
561720	Janitorial - Healy	0	3	0.0000
561720	Janitorial - Anchorage	0	103	0.0220
561720	Janitorial - Girdwood	0	3	0.0000
561720	Janitorial - Fairbanks	0	37	0.0000
23731	Erosion Control ²	11	57	0.1930
56199	Traffic Control	5	29	0.1724
54162	Permitting	14	64	0.2188

¹ 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](#).

² The Bridge Rehabilitation, Operations Support Facilities, Tunnel Rehabilitation, and Slide Zone Mitigation projects each provide varying contracting opportunities for performing erosion control, traffic control, permitting, geotechnical, clearing and grubbing, and site restoration work.

DBE Goal Setting Evidence and Methodology

54133	Geotechnical	2	186	0.0108
23891	Clearing/Grubbing	20	170	0.1176
23891	Site Restoration	7	170	0.0412
511210	TAM & Technology Programs	0	4	0.0000
488210	Ballast Maintenance	0	3	0.0000
811121	Passenger Car Rehabilitation – Exteriors	0	20	0.0000
336611	Passenger Car Rehabilitation – Interior Floor Repairs	1	4	0.2500
238220	Passenger Car Rehabilitation – Metal Fabrication	2	3	0.6667
238330	Passenger Car Rehabilitation - Flooring	2	45	0.0444
811420	Passenger Car Rehabilitation - Upholstery	0	2	0.0000
336510	Passenger Car Rehabilitation - 40-Year Truck Overhauls	0	1	0.0000
238390	Passenger Car Rehabilitation - Interior Surfaces	0	11	0.0000
Combined Totals		64	1055	0.0607

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 0.0607.

DBE Goal Setting Evidence and Methodology

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 years and in 2024 to date. The use of this factor is justified by the fact that many of the contracting opportunities in 2025-2027 will be substantially similar to those experienced by the ARRC in past years. Though ARRC reported increased DBE participation in the June 2024 Uniform Semiannual DBE Report, the median figure currently remains at 0%.

IV. ARRC Overall Goal Calculation FY 2025-2027

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 2025-2027 **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.

DBE Goal Setting Evidence and Methodology

United States Dept. of Transportation, 407 F.3d 983 (9th Cir. 2005), the ARRC maintains a fully race-neutral DBE Program.

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

In March 2024, ARRC participated in the annual statewide DBE conference hosted by the Alaska Department of Transportation & Public Facilities. This well-attended conference 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;
- 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; and
- Issued, via the Public Notice, a public meeting invitation.

ARRC held the scheduled meeting on July 22, 2024, with representatives present from ARRC's procurement, project management, and legal departments to discuss the goal methodology. The public comment period ended July 29, 2024. ARRC did not receive any input that changed the calculation of the proposed 4% overall goal. Accordingly, ARRC's DBE goal for FY 2025-2027 is 4%.

In an effort to enhance public participation, during the next triennial DBE goal-setting effort in 2027, 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	\$282,000.00	0.0176
2)	238190	Preventive Maintenance - Elevator Maintenance	\$66,000.00	0.0041
3)	488210	Preventive Maintenance - Vegetation Management, Railway Applic.	\$540,000.00	0.0336
4)	561730	Lawn Care/Snow Removal - Anchorage	\$117,400.00	0.0073
5)	561720	Janitorial - Seward	\$361,500.00	0.0225
6)	561720	Janitorial - Healy	\$80,000.00	0.0050
7)	561720	Janitorial - Anchorage	\$174,000.00	0.0108
8)	561720	Janitorial - Girdwood	\$27,000.00	0.0017
9)	561720	Janitorial - Fairbanks	\$197,200.00	0.0123
10)	23731	Erosion Control	\$2,287,800.00	0.1425
11)	56199	Traffic Control	\$352,000.00	0.0219
12)	54162	Permitting	\$934,000.00	0.0582
13)	54133	Geotechnical	\$984,400.00	0.0613
14)	23891	Clearing/Grubbing	\$966,650.00	0.0602
15)	23891	Site Restoration	\$2,041,130.00	0.1272
16)	511210	TAM & Technology Programs	\$200,000.00	0.0125
17)	488210	Ballast Maintenance	\$2,279,000.00	0.1420
18)	811121	Passenger Car Rehabilitation - Exteriors	\$2,347,500.00	0.1463
19)	336611	Passenger Car Rehabilitation - Interior Floor Repairs	\$48,000.00	0.0030
20)	332322	Passenger Car Rehabilitation - Metal Fabrication	\$287,500.00	0.0179
21)	238330	Passenger Car Rehabilitation - Flooring	\$29,100.00	0.0018
22)	811420	Passenger Car Rehabilitation - Upholstery	\$500,000.00	0.0312
23)	336510	Passenger Car Rehabilitation - 40-Year Truck Overhauls	\$500,000.00	0.0312
24)	238390	Passenger Car Rehabilitation - Interior Surfaces	\$447,900.00	0.0279
Total FTA-Assisted Contract Funds			\$16,050,080.00	1

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	28	0.0000	
2)	238190	Preventive Maintenance - Elevator Maintenance	0	5	0.0000	
3)	488210	Preventive Maintenance - Vegetation Management, Railway Applic.	0	3	0.0000	
4)	561730	Lawn Care/Snow Removal - Anchorage	0	101	0.0000	
5)	561720	Janitorial - Seward	0	3	0.0000	
6)	561720	Janitorial - Healy	0	3	0.0000	
7)	561720	Janitorial - Anchorage	0	103	0.0000	
8)	561720	Janitorial - Girdwood	0	3	0.0000	
9)	561720	Janitorial - Fairbanks	0	37	0.0000	
10)	23731	Erosion Control	11	57	0.1930	
11)	56199	Traffic Control	5	29	0.1724	
12)	54162	Permitting	14	64	0.2188	
13)	54133	Geotechnical	2	186	0.0108	
14)	23891	Clearing/Grubbing	20	170	0.1176	
15)	23891	Site Restoration	7	170	0.0412	
16)	511210	TAM & Technology Programs	0	4	0.0000	
17)	488210	Ballast Maintenance	0	3	0.0000	
18)	811121	Passenger Car Rehabilitation - Exteriors	0	20	0.0000	
19)	336611	Passenger Car Rehabilitation - Interior Floor Repairs	1	4	0.2500	
20)	332322	Passenger Car Rehabilitation - Metal Fabrication	2	3	0.6667	
21)	238330	Passenger Car Rehabilitation - Flooring	2	45	0.0444	
22)	811420	Passenger Car Rehabilitation - Upholstery	0	2	0.0000	
23)	336510	Passenger Car Rehabilitation - 40-Year Truck Overhauls	0	1	0.0000	
24)	238390	Passenger Car Rehabilitation - Interior Surfaces	0	11	0.0000	
		Combined Totals	64	1055	0.0607	Overall availability of DBEs

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

	NAICS Code	Project	Weight	x	Availability	Weighted Base Figure
1)	562991	Preventive Maintenance - Septic Service	0.01757	x		
2)	238190	Preventive Maintenance - Elevator Maintenance	0.00411	x		
3)	488210	Preventive Maintenance - Vegetation Management, Railway Applic.	0.03364	x		
4)	561730	Lawn Care/Snow Removal - Anchorage	0.00731	x		
5)	561720	Janitorial - Seward	0.02252	x		
6)	561720	Janitorial - Healy	0.00498	x		
7)	561720	Janitorial - Anchorage	0.01084	x		
8)	561720	Janitorial - Girdwood	0.00168	x		
9)	561720	Janitorial - Fairbanks	0.01229	x		
10)	23731	Erosion Control	0.14254	x	0.19298	0.0275
11)	56199	Traffic Control	0.02193	x	0.17241	0.0038
12)	54162	Permitting	0.05819	x	0.21875	0.0127
13)	54133	Geotechnical	0.06133	x	0.01075	0.0007
14)	23891	Clearing/Grubbing	0.06023	x	0.11765	0.0071
15)	23891	Site Restoration	0.12717	x	0.04118	0.0052
16)	511210	TAM & Technology Programs	0.01246	x		
17)	488210	Ballast Maintenance	0.14199	x		
18)	488210	Passenger Car Rehabilitation - Exteriors	0.14626	x		
19)	336611	Passenger Car Rehabilitation - Interior Floor Repairs	0.00299	x	0.25000	0.0007
20)	332322	Passenger Car Rehabilitation - Metal Fabrication	0.01791	x	0.66667	0.0119
21)	332322	Passenger Car Rehabilitation - Flooring	0.00181	x	0.04444	0.0001
22)	238330	Passenger Car Rehabilitation - Upholstery	0.03115	x		
23)	811420	Passenger Car Rehabilitation - 40-Year Truck Overhauls	0.03115	x		
24)	336510	Passenger Car Rehabilitation - Interior Surfaces	0.02791	x		
						0.0000
Total						0.0698
%						7.94
Rounded, Weighted Base Figure:						8%

STATUS: **Active**

Alaska Railroad Corporation - FFY 2025-2027 DBE Goal Methodology

FFY 2025-2027 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, 2024 to September 30, 2027 (FFY 2025-2027) 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>

A meeting for interested stakeholders to discuss the goal with ARRC will be held:

Monday, July 22, 2024 from 10:00 a.m. until 11:00 a.m. at the Alaska Railroad Headquarters, 327 West Ship Creek Avenue, Anchorage, 3rd Floor, in the James B. Blasingame Board Room.

During the public comment period beginning June 28, 2024 and ending July 29, 2024, comments may be provided via:

Email: sellerswarehamt@akrr.com

Mail: Tina Sellers Wareham
Alaska Railroad Corporation
327 West Ship Creek Avenue
Anchorage, Alaska 99501
Phone: (907) 265-2613

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; TDD number 907.265.2621; requests should be made at least two days before the accommodation is needed to make any necessary arrangements.

Attachments, History, Details

Attachments

[Public Notice FFY 2025-2027 DBE Goal Methodology.pdf](#)

Revision History

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