



## **MIDTOWN MANAGEMENT DISTRICT OVERALL GOAL CALCULATION FY 2026-2028**

The process used by Midtown Management District (Midtown) to establish its DBE goal for fiscal year (FY) 2026 through 2028 is summarized below. Midtown followed a two-step process based on documented evidence of the availability of ready, willing, and able DBEs relative to all businesses ready, willing, and able to participate in Midtown's FTA assisted contracts, which is referred to as relative availability of DBEs and establishes the base goal. The goal reflects Midtown's expected level of participation by DBEs.

### **Step 1 – Establish Base Goal**

Midtown considered all the possible FTA assisted contracting opportunities for award in FY 2026 through 2028 and compiled the North American Industry Classification System (NAICS) codes for the work included in the contracting opportunities. Midtown established the TxDOT Houston Work District as the market area to determine the total number of DBE ready, willing, and able businesses available to perform work in the same NAICS codes, which includes Brazoria, Fort Bend, Galveston, Harris, Montgomery, and Waller County. Midtown established this market area due to the availability of contractors in the area and the size and cost of the projects projected. Midtown reviewed the total number of firms in the same counties in the TxDOT Houston Work District in the 2023 US Census County Business Patterns, the most recent data for the area.

Midtown does not provide transit operations but does receive federal funding through grants for pedestrian improvements to support access to transit. Midtown does not have any subrecipients for federal funding. Midtown only has two federally funded construction projects expected within the next three years:

- Brazos St. Pedestrian-Transit Improvements
- Wheeler St. Pedestrian-Transit Improvements

Midtown used the suggested calculation tables to determine the weighted base goal. There are two pedestrian construction projects programmed within the next three years. Tasks involved in

this project include sidewalk construction, curb construction, electrical installation, site preparation, and landscaping. Each NAICS Code is defined in the table below.

NAICS Code	Definition
221310	Water Supply and Irrigation Systems
237310	Highway, Street, and Bridge Construction – Curbs, gutters, culvert construction
238210	Electrical Contractors and Other Wiring Installation Contractors
238910	Site Preparation Contractors
238990	All Other Specialty Trade Contractors - Sidewalk construction, residential and commercial, concrete paving
561730	Landscaping Services

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

	NAICS Code	Project	Amount of DOT funds on project:	% of total DOT funds (weight)
1)	221310	Brazos Streetscape Improvements	\$205,760.00	0.0384
2)	237310	Brazos Streetscape Improvements	\$1,440,320.00	0.2685
3)	238210	Brazos Streetscape Improvements	\$617,280.00	0.1151
4)	238910	Brazos Streetscape Improvements	\$411,520.00	0.0767
5)	238990	Brazos Streetscape Improvements	\$1,234,560.00	0.2301
6)	561730	Brazos Streetscape Improvements	\$205,760.00	0.0384
7)	221310	Wheeler Streetscape Improvements	\$62,480.00	0.0116
8)	237310	Wheeler Streetscape Improvements	\$437,360.00	0.0815
9)	238210	Wheeler Streetscape Improvements	\$187,440.00	0.0349
10)	238910	Wheeler Streetscape Improvements	\$124,960.00	0.0233
11)	238990	Wheeler Streetscape Improvements	\$312,400.00	0.0582
12)	561730	Wheeler Streetscape Improvements	\$124,960.00	0.0233
	<b>Total FTA-Assisted Contract Funds</b>		<b>\$5,364,800.00</b>	<b>1.0000</b>

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

	NAICS Code	Project	Number of DBEs available	Number of all firms available	Relative Availability
1)	221310	Brazos Streetscape Improvements	3	106	0.0283
2)	237310	Brazos Streetscape Improvements	22	158	0.1392
3)	238210	Brazos Streetscape Improvements	10	1,269	0.0079
4)	238910	Brazos Streetscape Improvements	22	413	0.0533
5)	238990	Brazos Streetscape Improvements	21	618	0.0340
6)	561730	Brazos Streetscape Improvements	9	1,051	0.0086
7)	221310	Wheeler Streetscape Improvements	3	106	0.0283
8)	237310	Wheeler Streetscape Improvements	22	158	0.1392

9)	238210	Wheeler Streetscape Improvements	10	1,269	0.0079
10)	238910	Wheeler Streetscape Improvements	22	413	0.0533
11)	238990	Wheeler Streetscape Improvements	21	618	0.0340
12)	561730	Wheeler Streetscape Improvements	9	1,051	0.0086
<b>Combined Totals</b>			<b>174</b>	<b>7,230</b>	<b>0.0241</b>

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

	NAICS Code	Project	Weight	X	Availability	Weighted Base Figure
1)	221310	Brazos Streetscape Improvements	0.03835	x	0.02830	0.0011
2)	237310	Brazos Streetscape Improvements	0.26848	x	0.13924	0.0374
3)	238210	Brazos Streetscape Improvements	0.11506	x	0.00788	0.0009
4)	238910	Brazos Streetscape Improvements	0.07671	x	0.05327	0.0041
5)	238990	Brazos Streetscape Improvements	0.23012	x	0.03398	0.0078
6)	561730	Brazos Streetscape Improvements	0.03835	x	0.00856	0.0003
7)	221310	Wheeler Streetscape Improvements	0.01165	x	0.02830	0.0003
8)	237310	Wheeler Streetscape Improvements	0.08152	x	0.13924	0.0114
9)	238210	Wheeler Streetscape Improvements	0.03494	x	0.00788	0.0003
10)	238910	Wheeler Streetscape Improvements	0.02329	x	0.05327	0.0012
11)	238990	Wheeler Streetscape Improvements	0.05823	x	0.03398	0.0020
12)	561730	Wheeler Streetscape Improvements	0.02329	x	0.00856	0.0002
<b>Total</b>						<b>0.0670</b>
Expressed as a % (*100)						<b>6.70%</b>
<b>Rounded, Weighted Base Figure:</b>						<b>7%</b>

### Step 2 – Base Goal Adjustment

#### **Past Participation**

Midtown set its last goal in anticipation of the same two contracts; however, due to unforeseen circumstances, Midtown's projects were delayed, and no projects were executed. The last federally funded projects were procured in FY2019. Of the \$15,022,461 of completed prime contracts, \$6,135,405 went to DBEs through race neutral contracts, or 40.84% of contracts.

#### **Market Studies**

In researching disparity analysis within the Houston metropolitan area, there are several disparity studies located within the service area.

<b>City of Houston</b>	The City of Houston has released the final draft of the FY 2023 M/WBE Disparity Study in 2024, completed by MGT Consulting Group, LLC. The study reviewed the procurement activity from July 1, 2017, through June 30, 2022. According to the final draft, "there were areas of disparities in the public sector utilization and broadly in the private sector for MWBEs in the City's business markets." The study reviewed multiple categories, but for the purpose of this DBE Goal Setting, Midtown reviewed the
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	<p>section on construction contracts. In the study's market area, M/WBE construction firms make up about 32% of the market area, but M/WBE utilization was less than 30%, demonstrating a disparity in the contracts in the City. Utilization for specific classifications was:</p> <ul style="list-style-type: none"> <li>• 5.28 percent for Black American firms (6.52% Available Firms);</li> <li>• 16.52 percent for Hispanic American firms (15.60% Available Firms);</li> <li>• 1.89 percent for Asian American firms (2.54% Available Firms);</li> <li>• 0.77 percent for Native American firms (0.84% Available Firms);</li> <li>• 24.47 percent for MBE firms (25.50% Available Firms);</li> <li>• 4.58 percent for Nonminority Women firms (6.28% Available Firms); and</li> <li>• 70.95 percent for Unclassified firms (68.22% Available Firms).</li> </ul> <p>This shows that there is some disparity for construction contracts for all firms except for Hispanic American owned firms.</p>
<b>Metropolitan Transit Authority of Harris County (METRO)</b>	<p>METRO's study examined prime contract awards in construction, professional services, and goods and services from October 1, 2013, to September 30, 2018. The Study found that there were disparities in different contract types in both the prime contracts and subcontracts METRO awarded during the study period. For Construction Prime Contracts, the Study stated that there were disparities found for most DBE categories. No disparities were found for Subcontinent Asian Americans and Hispanic Americans for construction contracts larger than \$15,000. For subcontracts, the Study found disparities for African Americans and Caucasian Females were underutilized in Construction contacts.</p>
<b>Harris County</b>	<p>The Harris County Disparity Study (2020) compared county contracts awarded to minority- and women-owned businesses to the number of such businesses that were available. While white male-owned businesses made up 72.0% of the marketplace, those businesses received 90.9% of the third-party contracts; black-owned businesses made up 8.4% of the marketplace yet received 0.5% of third-party contracts. While the gap for Black-owned businesses was proportionately largest, all minorities and women were underrepresented in third-party contracts. Asian-owned businesses accounted for 3.0% of the marketplace but only 0.6% of third-party contracts; Native American-owned businesses made up 0.4% of the marketplace but only 0.1% of third-party contracts; Hispanic-owned businesses made up 11.0% of the marketplace but only 4.6% of third-party contracts; and businesses owned by white women made up 6.0% of the marketplace but only 3.2% of third-party contracts. As a whole,</p>

	minority DBE firms made up 28.4% of the marketplace, but only received 9.1% of the third-party contracts.
<b>Port of Houston</b>	The Port of Houston Authority 2020 Disparity Study reviewed FY2015-2019 contracting for the industry categories of Construction, Architectural & Engineering, Professional Service, Other Services, and Goods. The study sets out their market area as Harris, Montgomery, and Fort Bend Counties. The study found statistically significant underutilization of minority and woman owned firms in all five (5) industry categories except Asian American and Hispanic American owned firms as prime contractors in Professional Services.

The disparity studies provided both race-neutral and race-conscious recommendations. For race-neutral recommendations, the studies promote increased vendor communication, revising bonding and insurance requirements, providing adequate lead time, expanding marketing, and unbundling large procurements into smaller contracts. For race-conscious recommendations, the Study recommends requiring goal attainment at the bid opening, expanding marketing, requiring certification and verification of Minority/Women Business Enterprises (M/WBEs), developing quarterly participation report, assessing penalties to nonattainment, and providing more training to staff.

#### ***Adjusted DBE Goal***

Since Midtown has not had a federally funded procurement in the last five (5) years, Midtown will move forward with the rounded, base goal as established above. Midtown will use the DBE Goal of 7%, utilizing race neutral measures.

#### **RACE-NEUTRAL & RACE CONSCIOUS PARTICIPATION**

Midtown will meet the maximum feasible portion of its overall goal by using both race-neutral and race-conscious means of facilitating DBE participation. Midtown uses race-neutral means, including but not limited to providing DBE and SBE Directories, creating bidders lists, proactive outreach events with DBE firms in the area, and advertising prime contracts to DBEs, to increase DBE participation.

*Midtown estimates that, in meeting our overall goal of 7%, Midtown will obtain 100.0% from race-neutral participation and 0.0% from race-conscious participation.*

The following is a summary of the estimated breakout of race-neutral and race-conscious DBE participation:

*Midtown's program will be implemented entirely race-neutral means. If Midtown uses contract goals, Midtown will adjust the estimated breakout of race-neutral and race-conscious participation as needed to reflect actual DBE participation (see 26.51(f)) and Midtown will communicate this change to the program to FTA.*

Midtown does not intend to achieve any DBE participation by using contract goals.

If Midtown revises its program and uses contract goals, Midtown will track and report race-neutral and race-conscious participation separately. For reporting purposes, race-neutral DBE participation includes, but is not necessarily 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 DBE goal; DBE participation on a prime contract exceeding a contract goal; and DBE participation through a subcontract from a prime contractor that did not consider a firm's DBE status in making the award.