

DISADVANTAGED BUSINESS ENTERPRISE GOAL METHODOLOGY

Federal Highway Administration
FY 2022-2024
JULY 2021

This report is submitted in accordance with the U.S. Department of Transportation's amendments to 49 CFR Section 26.45, dated November 3, 2014.

Disadvantaged Business Enterprise Goal Methodology

FHWA FY2022-2024

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1.0 Introduction

The District Department of Transportation (DDOT) respectfully submits the Disadvantaged Business Enterprise Goal Methodology report for FY 2022-2024 to the United States Department of Transportation, Federal Highway Administration. This report demonstrates the efforts and challenges experienced by DDOT in implementing race conscious and race neutral programs for federally funded contracts.

2.0 Proposed DBE Goal

In accordance with the November 3, 2014, U.S. Department of Transportation rule amendments to 49 CFR Section 26.45, DDOT proposes a DBE goal of **21.84%** with a race conscious goal of **20.27%** and a race neutral goal of **1.57%** for Federal Highway Administration (FHWA)-funded projects, effective for a period of three (3) years: FY 2022-2024.

The following describes the goal methodology used to determine this three-year goal:

Step 1 - Determination of Relative Availability of DBE Contractors

In determining the relative availability of DBE contractors, DDOT first defined its local market area using guidance established by the U.S. Department of Transportation's Office of Small and Disadvantaged Business Utilization's (OSDBU) website "Tips for Goal Setting in the Disadvantaged Business Enterprise Program" (<http://osdbu.dot.gov/dbeprogram/tips.cfm>). Per the USDOT "Tips for Goal Setting" guidance, the local market area is the area in which most of the contractors and subcontractors with which DDOT does business with is located, and the area in which DDOT spends the substantial majority of its contracting dollars.

The local area market for DDOT includes the Washington, DC Metropolitan Area, hereafter referred to as the "Metro Area". The Metro Area is defined by the U.S. Census Bureau Metropolitan Statistical Area as Washington-Arlington-Alexandria, DC, MD, VA, and WV. This area includes the District of Columbia; the Virginia cities of Alexandria, Fairfax, Falls Church, Fredericksburg, and Manassas Park City; the Virginia counties of Arlington, Clarke, Fairfax, Fauquier, Loudon, Prince William, Spotsylvania, Stafford and Warren; the Maryland counties of Calvert, Charles, Montgomery, Prince George's and Frederick; and the West Virginia county of Jefferson).

Calculation of Relative DBE Availability by NAICS Code

After identifying the local market area, DDOT completed a thorough examination of the highway construction related NAICS codes utilized on its federal-aid highway construction projects over its prior 3-year contracting period from FY 2018-2020. Additionally, DDOT examined forecasted contracting work anticipated to be performed over the next three-year period from FY 2022-2024. DDOT established standard NAICS codes which encompass highway construction work performed for highway, bridge and street design and construction, civil engineering services, environmental consulting services, construction management, and other administrative and management consulting services.

Data for this process was gathered by examining contract activity for the period of FY 2018-2020 (October 1, 2017-September 30, 2020). Based upon examination of the available data, DDOT's

contractual dollars totaled \$180,949,106 of which \$158,515,949 (88%) were awarded to prime contractors whose firms conduct business within the local market area. **Table 1** provides a summary of the contracting activity during FY 2018-2020:

Table 1
Contracting Activity for Federal-Aid Contracts FY 2018-2020

| Description | Total Awards and Commitments for the Period of FY 2018-2020 | Amount Represented by Washington Metropolitan Statistical Area | Portion of Washington Metropolitan Statistical Area |
|--|---|--|---|
| Geographic Distribution Contract Dollars | \$180,947,106 | \$158,515,949 | 88% |
| Distribution of Participating Prime Contractors | 149 | 142 | 95% |
| Distribution of All Participating Contractors (including subcontractors) | 311 | 267 | 86% |

As described in 49 CFR, Part 26.45(c)(1) of the DBE Regulations, DDOT used its DBE directory and available data resources to determine the relative availability of ready, willing and able DBE firms within DDOT’s local market area. . DDOT collected and compiled DBE availability data obtained from MBE/DBE directories of Federal, State, local governmental agencies, and surrounding counties in the Metropolitan area to determine the base figure for Step 1 of the goal setting process. These data sets are described below:

- DDOT’s electronic DBE Directory is comprised of all engineering and highway-related construction firms, suppliers, consultants, etc. certified by the U.S. Department of Transportation-approved District of Columbia Unified Certification Program (DCUCP).
- Data used to provide an accurate account of all firms within the geographic market was collected and compiled from several electronic MBE/DBE directories representative of Federal, State, local governmental agencies, and surrounding counties in the Metropolitan area for DDOT’s local market area. A list of MBE/DBE directories researched is included on page 7 under the section titled, “Calculation of Relative DBE Availability by NAICS Code.”
- DDOT attempted to gather business Census data from several previously identified sources, US Census American Community Survey, American Fact Finder and County Business Pattern resources. Current US Census Bureau County Business Pattern data for DDOT’s local market area was unavailable for public distribution and use at the time of report development.

To ensure the most accurate goal possible, DDOT estimated the type of work that would be performed over the next three years and classified each type of work using North American Industry Classification System (NAICS) codes. According to the U.S. Census Bureau, NAICS Codes are the standard used by federal statistical agencies for the purpose of collecting, analyzing and publishing statistical data related to the U.S. business economy. Businesses are classified according to the primary line of business activity at various levels of specificity. Using the most detailed codes available, DDOT Equity and Inclusion Division in consultation with DDOT

Infrastructure Project Management Division (IPMD) staff and Consultants reviewed the forecast of projects and identified additional highway and engineering based NAICS Codes the agency anticipates utilizing on forthcoming projects in FY 2022-2024. The additional NAICS Codes are identified with an (*) asterisk. DDOT has determined the overall categories of active contractors available for projects planned in FY 2022-2024 from the following NAICS Codes, listed in **Tables 2 and 3**, respectively.

Table 2
Highway Design, Engineering and Professional Services NAICS Codes
 (*) Indicates new added DDOT Highway and Engineering NAICS Codes

| NAICS Code | Description |
|------------|--|
| 323111 | Commercial Printing (Except Screen and Books) |
| *485510 | Charter Bus Industry |
| 524210 | Insurance Agencies and Brokerages |
| 541310 | Architectural Services |
| 541320 | Architectural Services (Landscaping) |
| 541330 | Engineering Services |
| 541340 | Drafting Services |
| *541350 | Building Inspection Services |
| 541360 | Geophysical Surveying and Mapping Services |
| 541370 | Surveying and Mapping (Except Geophysical Services) |
| 541380 | Testing Laboratories |
| *541430 | Graphic Design Services |
| *541511 | Custom Computer Programming Services |
| 541512 | Computer Systems Design Services |
| 541611 | Administrative Management/General Management Consulting Services |
| *541613 | Marketing Consulting Services |
| 541614 | Process, Physical Distribution and Logistics Consulting Services |
| 541618 | Other Management Consulting Services |
| 541620 | Environmental Consulting Services |
| 541690 | Other Scientific and Technical Consulting Services |
| 541820 | Public Relations Agencies |
| *541870 | Advertising Material Distribution Services |
| 541910 | Marketing Research and Polling |
| 541990 | Inspection Services |
| 561210 | Facilities Support Services |
| 561320 | Temporary Help Services |
| 561730 | Landscaping Services |
| 561990 | Traffic Control |

Table 3
Highway Construction (Contractors) NAICS Codes
 (*) Indicates new added DDOT Highway and Engineering NAICS Codes

| NAICS Code | Description |
|------------|---|
| 237110 | Water and Sewer Line and Related Structures Construction |
| 237130 | Power and Communication Line and Related Structures Construction |
| 237310 | Highway, Street and Bridge Construction |
| 237990 | Other Heavy and Civil Engineering Construction |
| 238110 | Poured Concrete Foundation and Structure Contractors |
| 238120 | Structural Steel Erection Contractors |
| 238140 | Masonry Contractors |
| 238210 | Electrical Contractors and Other Wiring Installation Contractors |
| 238320 | Painting Contractors |
| 238910 | Site Preparation/Excavation |
| 238990 | All Other Specialty Trade Contractors |
| 327320 | Ready-Mix Concrete Manufacturing |
| *327390 | Other Concrete Product Manufacturing |
| *332312 | Fabricated Structural Metal Manufacturing |
| *332322 | Sheet Metal Work Manufacturing |
| 339950 | Signage Manufacturing |
| 423320 | Brick, Stone and Related Construction Material Merchant Wholesalers |
| 423610 | Electrical Apparatus and Equipment, Wiring Supplies/Related Equipment Wholesalers |
| 484110 | General Freight Trucking, Local |

Calculation of Relative DBE Availability by NAICS Code

After identifying the market area and the types of work to be performed over the next three years, DDOT utilized business census data from a combination of Federal, State, local governmental agencies, and surrounding counties in the Metropolitan area for DDOT’s local market area.

DDOT gathered and cross-referenced contractor data from the MBE/DBE electronic directories of the Maryland Department of Transportation (MDOT), Virginia Small Business Supplier Development (SBSD), West Virginia Department of Transportation DBE Support Services (WVA), Washington DC Department of Small and Local Business Development (DSLBD), U.S. Department of Veteran Affairs- Office of Small and Disadvantaged Business Utilization (VA-OSDBU) and the DDOT and Washington Metropolitan Area Transit Authority (WMATA) shared electronic DBE directories as approved in the Metropolitan Washington Unified Certification Program (MWUCP) certified by the U.S. Department of Transportation (USDOT). At the time of report preparation, current US Census County Business Pattern Data for the Washington DC-MD-VA-WVA Metro Area was not available to the public for further analysis of DDOT’s local market area.

Provided below is a list of electronic directories researched:

- (MDOT) (https://mbe.mdot.maryland.gov/directory/search_terms.asp)
- (SBSD) (<https://directory.sbsd.virginia.gov/#/directory>)
- (WVA) ([DBE Database \(wvdbesupport.com\)](http://DBE Database (wvdbesupport.com)))
- (DSLBD) (https://dslbd.secure.force.com/public/DC_CBE_Certified_Contractors_Search)
- (VA-OBDBU) (<https://www.vetbiz.va.gov/basic-search/>)
- (WMATA) (<https://supplier.wmata.com/psp/supplier/>)

These directories comprise all engineering and highway-related construction firms, suppliers, and consultants within DDOT’s market area. DDOT analyzed available data to calculate the relative DBE availability for each NAICS code in which DDOT expects to perform work in FY 2022 - 2024. The result of this research and analysis is set forth in **Table 4** below.

Table 4
Relative Availability of DBE Firms
 (*) Indicates new added DDOT Highway and Engineering NAICS Codes

| NAICS Code | Description | Number of DBEs Available to Perform this Work | Number of All Firms Available (Including DBEs) | Relative Availability |
|------------|--|---|--|-----------------------|
| 237110 | Water and Sewer Line and Related Structures Construction | 91 | 468 | 19.44% |
| 237130 | Power and Communication Line & Related Structures Construction | 29 | 214 | 13.55% |
| 237310 | Highway, Street and Bridge Construction | 199 | 745 | 26.71% |
| 237990 | Other Heavy and Civil Engineering Construction | 98 | 401 | 24.44% |
| 238110 | Poured Concrete Foundation and Structure Contractors | 75 | 455 | 16.48% |
| 238120 | Structural Steel Erection Contractors | 49 | 210 | 23.33% |
| 238140 | Masonry Contractors | 44 | 339 | 12.98% |
| 238210 | Electrical Contractors and Other Wiring Installation Contractors | 143 | 1,045 | 13.68% |
| 238320 | Painting Contractors | 74 | 595 | 12.44% |
| 238910 | Site Preparation/Excavation | 98 | 646 | 15.17% |
| 238990 | All Other Specialty Trade Contractors | 100 | 745 | 13.42% |
| 323111 | Commercial Printing (Except Screen and Books) | 16 | 120 | 13.33% |
| 327320 | Ready-Mix Concrete Manufacturing | 1 | 13 | 7.69% |
| *327390 | Other Concrete Product Manufacturing | 1 | 8 | 12.50% |
| *332312 | Fabricated Structural Metal Manufacturing | 23 | 56 | 41.07% |
| *332322 | Sheet Metal Work Manufacturing | 9 | 22 | 40.91% |
| 339950 | Signage Manufacturing | 13 | 58 | 22.41% |
| 423320 | Brick, Stone and Related Construction Material Wholesalers | 31 | 117 | 26.50% |
| 423610 | Electrical Apparatus and Equipment, Wiring Wholesalers | 60 | 170 | 35.29% |
| 484110 | General Freight Trucking, Local | 31 | 280 | 11.07% |
| *485510 | Charter Bus Industry | 8 | 36 | 22.22% |
| 524210 | Insurance Agencies and Brokerages | 9 | 75 | 12.00% |
| 541310 | Architectural Services | 71 | 346 | 20.52% |
| 541320 | Architectural Services (Landscaping) | 43 | 216 | 19.91% |
| 541330 | Engineering Services | 352 | 1,614 | 21.81% |
| 541340 | Drafting Services | 63 | 201 | 31.34% |

| | | | | |
|------------------------|---|--------------|---------------|--------|
| *541350 | Building Inspection Services | 66 | 252 | 26.19% |
| 541360 | Geophysical Surveying and Mapping Services | 14 | 67 | 20.90% |
| 541370 | Surveying and Mapping (Except Geophysical Services) | 46 | 169 | 27.22% |
| 541380 | Testing Laboratories | 50 | 166 | 30.12% |
| *541430 | Graphic Design Services | 56 | 528 | 10.61% |
| *541511 | Custom Computer Programming Services | 314 | 2,614 | 12.01% |
| 541512 | Computer Systems Design Services | 369 | 2,815 | 13.11% |
| 541611 | Administrative Management & General Management | 516 | 4,371 | 11.81% |
| *541613 | Marketing Consulting Services | 90 | 935 | 9.63% |
| 541614 | Process, Physical Distribution and Logistics Consulting | 102 | 1015 | 10.05% |
| 541618 | Other Management Consulting Services | 184 | 2,009 | 9.16% |
| 541620 | Environmental Consulting Services | 94 | 468 | 20.09% |
| 541690 | Other Scientific and Technical Consulting | 138 | 1,597 | 8.64% |
| 541820 | Public Relations Agencies | 41 | 220 | 18.64% |
| *541870 | Advertising Material Distribution Services | 4 | 89 | 4.49% |
| 541910 | Marketing Research and Polling | 27 | 207 | 13.04% |
| 541990 | Inspection Services | 65 | 328 | 19.82% |
| 561210 | Facilities Support Services | 36 | 233 | 15.45% |
| 561320 | Temporary Help Services | 99 | 861 | 11.50% |
| 561730 | Landscaping Services | 29 | 435 | 6.67% |
| 561990 | All Other Support Services (formerly Traffic Control) | 27 | 658 | 4.10% |
| Combined Totals | | 4,098 | 29,232 | |

Estimating the Dollar Value of Federal Work to be Performed in FY2022-2024

In order to determine the specific contracting opportunities for FY 2022-2024, DDOT has examined projects which are to be funded from the Federal Highway Administration (FHWA). Based on the examination of DDOT's proposed budgets, the Agency estimates that it will execute contracts totaling (in \$ millions):

| | |
|----------|----------------------|
| FY 2022: | \$ 184,534.00 |
| FY 2023: | \$ 188,915.00 |
| FY 2024: | <u>\$ 193,402.00</u> |
| | \$ 566,851.00 |

These dollars are to be utilized for highway, bridge and street construction, including excavation, demolition, backfill, PCC pavement base, resurfacing, sidewalks, and alleys. These dollars will also be used for highway, bridge and street design, civil engineering services, environmental consulting services, construction management, and other administrative and management consulting services.

Estimating the Percentage of Federal Work to be Performed by NAICS Code in FY 2022-2024

Table 5 below shows the percentage of anticipated work that DBE firms are expected to perform on DDOT contracts according to the relevant NAICS Codes from Tables 2 and 3 above. This percentage was estimated by using historical contracting data on past DBE performance.

Table 5
Percentage of Work Anticipated on DDOT Contracts

| NAICS Code | Description | Amount of DOT Funds on Project: | % Of Total DOT Funds (Weight) |
|--------------------|--|---------------------------------|-------------------------------|
| 237110 | Water and Sewer Line and Related Structures Construction | \$ 25,857,374.43 | 4.56% |
| 237310 | Highway, Street and Bridge Construction | \$ 147,911,043.80 | 26.09% |
| 237990 | Other Heavy and Civil Engineering Construction | \$ 10,562,494.89 | 1.86% |
| 238110 | Poured Concrete Foundation and Structure Contractors | \$ 33,672,222.12 | 5.94% |
| 238120 | Structural Steel Erection Contractors | \$ 79,736,059.01 | 14.07% |
| 238140 | Masonry Contractors | \$ 371,927.32 | 0.07% |
| 238210 | Electrical Contractors and Other Wiring Installation Contractors | \$ 34,923,151.91 | 6.16% |
| 238320 | Painting Contractors | \$ 1,211,072.58 | 0.21% |
| 238910 | Site Preparation/Excavation | \$ 24,683,930.72 | 4.35% |
| 238990 | All Other Specialty Trade Contractors | \$ 91,256.94 | 0.02% |
| 327320 | Ready-Mix Concrete Manufacturing | \$ 15,114,660.40 | 2.67% |
| 339950 | Signage | \$ 233,343.71 | 0.04% |
| 423320 | Brick, Stone and Related Construction Material Merchant Wholesalers | \$ 11,662,671.66 | 2.06% |
| 443320 | Material Wholesalers | \$ 4,095,694.68 | 0.72% |
| 485510 | Charter Bus Industry | \$ 41,626,637.68 | 7.34% |
| 484110 | General Freight Trucking, Long-Distance | \$ 14,251,052.66 | 2.51% |
| 541310 | Architectural Services | \$ 14,372,323.78 | 2.54% |
| 541330 | Engineering Services | \$ 22,809,452.22 | 4.02% |
| 541340 | Drafting Services | \$ 110,317.52 | 0.02% |
| 541370 | Surveying and Mapping (Except Geophysical Services) | \$ 12,221,218.33 | 2.16% |
| 541380 | Testing Laboratories | \$ 171,948.26 | 0.03% |
| 541512 | Computer Systems Design Services | \$ 45,984.39 | 0.01% |
| 541611 | Administrative Management and General Management Consulting Services | \$ 19,967,158.01 | 3.52% |
| 541618 | Other Management Consulting Services | \$ 35,570,968.34 | 6.28% |
| 541620 | Environmental Consulting Services | \$ 623,919.85 | 0.11% |
| 541730 (561730) | Landscaping | \$ 1,885,256.30 | 0.33% |
| 541820 | Public Relations Agencies | \$ 60,197.67 | 0.01% |
| 541990 | All Other Professional, Scientific and Technical Services | \$ 1,327,268.15 | 0.23% |
| 561990 | All Other Support Services | \$ 11,680,392.67 | 2.06% |
| | TOTAL | \$ 566,851,000.00 | 100% |

Calculation of Weighted DBE Availability for Each NAICS Code and Step One Base Figure

Once DDOT obtained the relative availability for DBEs in each NAICS code (Reference Table 4) and

the percentage of funds anticipated to be spent in each code (Reference Table 5), DDOT then weighted the availability for each NAICS code and calculated the Step One Base Figure. This is the method of Step One Base Figure calculation favored by the Tips for Goal Setting. The sum of the weighted availabilities for all relevant codes to obtain the weighted Step One Base Figure. **Table 6** sets forth the relative availability, the weights and the resulting weighted DBE availability for each relevant NAICS code and sums the weighted availability to arrive at the Step One Base Figure.

Table 6
Weighted DBE Availability

| NAICS Code | Relative Availability | Amount of DOT Funds on Project: | % Of Total DOT Funds (Weight) | Weighted Availability |
|-----------------|-----------------------|---------------------------------|-------------------------------|-----------------------|
| 237110 | 19.44% | \$ 25,857,374.43 | 4.56% | 0.89% |
| 237310 | 26.71% | \$147,911,043.80 | 26.09% | 6.97% |
| 237990 | 24.44% | \$ 10,562,494.89 | 1.86% | 0.46% |
| 238110 | 16.48% | \$ 33,672,222.12 | 5.94% | 0.98% |
| 238120 | 23.33% | \$ 79,736,059.01 | 14.07% | 3.28% |
| 238140 | 12.98% | \$ 371,927.32 | 0.07% | 0.01% |
| 238210 | 13.68% | \$ 34,923,151.91 | 6.16% | 0.84% |
| 238320 | 12.44% | \$ 1,211,072.58 | 0.21% | 0.03% |
| 238910 | 15.17% | \$ 24,683,930.72 | 4.35% | 0.66% |
| 238990 | 13.42% | \$ 91,256.94 | 0.02% | 0.00% |
| 327320 | 7.69% | \$ 15,114,660.40 | 2.67% | 0.21% |
| 339950 | 22.41% | \$ 233,343.71 | 0.04% | 0.01% |
| 423320 | 26.50% | \$11,662,671.66 | 2.06% | 0.55% |
| 443320 | 0 | \$ 4,095,694.68 | 0.72% | 0.00% |
| 485510 | 22.22% | \$ 41,626,637.68 | 7.34% | 1.63% |
| 484110 | 11.07% | \$ 14,251,052.66 | 2.51% | 0.28% |
| 541310 | 20.52% | \$ 14,372,323.78 | 2.54% | 0.52% |
| 541330 | 21.81% | \$ 22,809,452.22 | 4.02% | 0.88% |
| 541340 | 31.34% | \$ 110,317.52 | 0.02% | 0.01% |
| 541370 | 27.22% | \$ 12,221,218.33 | 2.16% | 0.59% |
| 541380 | 30.12% | \$ 171,948.26 | 0.03% | 0.01% |
| 541512 | 13.11% | \$ 45,984.39 | 0.01% | 0.00% |
| 541611 | 11.81% | \$ 19,967,158.01 | 3.52% | 0.42% |
| 541618 | 9.16% | \$ 35,570,968.34 | 6.28% | 0.57% |
| 541620 | 20.09% | \$ 623,919.85 | 0.11% | 0.02% |
| 541730 (561730) | 6.67% | \$ 1,885,256.30 | 0.33% | 0.02% |
| 541820 | 18.64% | \$ 60,197.67 | 0.01% | 0.00% |
| 541990 | 19.82% | \$ 1,327,268.15 | 0.23% | 0.05% |
| 561990 | 4.10% | \$ 11,680,392.67 | 2.06% | 0.08% |
| | Total | \$ 566,851,000.00 | 100% | 19.93% |

Weighted Base Figure = 19.93%

FY 2022-2024 Step One Base Figure: 19.93%

Step 2 – Adjustment to Step One Base Figure

1. Consideration of Previous Years’ Performance

49 CFR Section 26.45(d) and the Tips for Goal Setting set forth examples of data that must be analyzed and taken into consideration in determining whether adjustments to the Step 1 Base figure are necessary. The purpose of 49 CFR Section 26.45(d) is to ensure that the final overall goal is both narrowly tailored and effective in helping to remedy discrimination. This adjustment process begins by reviewing DDOT’s historical contracting data.

In order to determine whether past performance should be used to make an adjustment to Step 1 base figure in Step 2, DDOT has collected historical contracting data over a three-year period. We then calculated DDOT’s “median” past participation. DBE participation for the past three (3) years is shown in **Table 7** below. The median percentage is determined by the middle percentage for the past three (3) years.

Table 7
Median for Three Year
Contract Period (FY 2018–2020)

| Contract Period | Contracting Volume | % DBE |
|-----------------|--------------------|--------|
| FY 2018 | \$90,909,929 | 13.64% |
| FY 2019 | \$54,736,641 | 23.76% |
| FY 2020 | \$35,300,536 | 37.03% |

To determine the median percentage of the past three (3) years, we must arrange the goal attainment from lowest to highest (13.64%, 23.76%, and 37.08%). In this case, the middle value is 23.76%.

The median participation for the past three (3) years used in the calculation is 23.76%.

2. Adjusting the Step 1 Base Figure with the Median Past Performance

The USDOT OSDBU “*Tips for Goal Setting in the Disadvantaged Business Enterprise Program*” states: “If your records suggest levels of past participation very similar to the number you calculated in Step 1, then it is not necessary to make any adjustment for past participation.” DDOT determined that the goal with the Step 2 adjustment better reflects the capacity in DDOT’s geographic market. The calculation for the adjustment is as follows: identify the median past performance, which according to **Table 7** above is 23.76%. The median figure is then added to the weighted base figure and divided by two to determine the adjusted Step Two goal, as outlined below:

| | |
|-------------------------------|-------------------------|
| Median Past Participation | 23.76% |
| Weighted Step One Base Figure | + 19.93% |
| | 43.69/2 = 21.84% |

Based upon the calculations above, the overall adjusted three-year goal for FY 2022-2024 is **21.84%**.

49 CFR Section 26.45.5(d)(1) states that “there are many types of evidence that must be considered when adjusting the base figure.” In addition, 49 CFR Section 26.45.5(d)(2) states that “If available, you must consider evidence from related fields that affect the opportunities for DBEs to form, grow and compete. In this instance, DDOT determined that our goals would be more accurate if DDOT did not make adjustments for the factors below. In most cases, the data referenced in the rule was not available. DDOT found that the factors below did not have an impact on adjusting the base figure. DDOT reviewed the following factors:

i. **“Evidence from disparity studies conducted anywhere within your jurisdiction, to the extent it is not already accounted for in your base figure.”**

The OSDBU’s *Tips for Goal Setting in the Disadvantaged Business Enterprise Program’s* website suggests that data should be collected and analyzed to consider the current market dynamics to determine whether an adjustment to the goal is necessary. One suggested method is to analyze the results of a disparity study. DDOT has not yet conducted a disparity study, but the District may consider conducting a disparity study within the near future.

ii. **“Statistical disparities in the ability of DBEs to get the financing, bonding, and insurance required to participate in your program”**

DDOT has not performed a disparity study to determine the extent of the difficulty of DBE firms to obtain bonding and insurance to participate in the DBE program.

iii. **Data on employment, self-employment, education, training and union apprenticeship programs” as it relates to the opportunities for DBEs to perform in DDOT’s DOT-assisted contracts.**

DDOT reviewed, the employment data and found the data does not provide the agency with a reliable way to adjust the goals.

iv. **Adjustments to the Goal for the Continuing Effects of Past Discrimination**

At this time, DDOT does not have data that would permit a reliable adjustment to the goal based on the continuing effects of past discrimination.

3.0 Race/Gender-Neutral and Race/Gender-Conscious Measures

DDOT will continue its efforts to meet the maximum feasible portion of its overall goal using Race/Gender-Neutral (R/G-N) means. Historical contracting data for the period FY 2018-2020 supports DDOT’s ability to achieve **21.84% with a race/gender/conscious goal of 20.27% and a race neutral goal of 1.57% DBE participation.**

Table 8
DBE Participation in Excess of Goal for FY 2018-2020
(Race-Neutral)

| Fiscal Year | % of Total DBE Participation | % Exceeded Overall Goal* |
|--------------------------|------------------------------|--------------------------|
| FY 2018 | 13.64% | (8.55) |
| FY 2019 | 23.76% | 1.57% |
| FY 2020 | 37.03% | 14.84% |
| Historical Median | | 1.57 |

*FY19 Overall DBE Goal was 13.64%, FY20 Overall DBE Goal was 23.76%, FY21 Overall DBE Goal was 37.03%

According to the *Tips for DBE Goal Methodology*, it is recommended that estimates of race neutral participation in the future be based on past experience with race neutral participation. The calculation is as follows: identify the median past performance, (8.55%), 1.57%, 14.84%). The median number is determined by the middle number, which according to **Table 8** above is **1.57%**.

The data collected is then used to perform the following calculations:

Median Past Participation (MPP) in excess of the goal: **1.57%**
 Overall DBE Goal: **21.84%**
 Race Neutral Goal: **1.57%**
 Race Conscious Goal: **20.27%**

DDOT’s recent increase in race neutral achievements were the result of DDOT developing strategies and opportunities to increase participation of DBE Prime firms in federally funded projects with the Office of Contracting and Procurement and leadership in the Project Delivery Administration. In addition, DDOT collaborated with DLSBD to conduct DBE Certification training for locally certified firms. **Table 9** illustrates that recent increase in race neutral participation.

Table 9
DBE Prime Contractor Awards for FY 2018-2020
(Race-Neutral)

| Fiscal Year | Total Awards | DBE Prime Contract Awards (Race Neutral) | % Of Total Awards |
|-------------|--------------|--|-------------------|
| FY 2018 | \$90,909,929 | \$0 | 0% |
| FY 2019 | \$54,738,641 | \$0 | 0 |
| FY 2020 | \$35,300,536 | \$4,440,534 | 12.57% |

DDOT has increased opportunities for DBE firms to serve as Primes on its projects. In October 2019, DDOT held an Industry Day for the upcoming H Street Bridge Project with leadership teams from the Office of Contracting and Procurement, IPMD, and Civil Rights. The event facilitated new relationships between DDOT and members of the Contracting and Design Community, which included new DBE firms.

While DDOT is working to increase DBE participation, there are still key concerns with the District of Columbia’s changes to its risk management requirements for all vendors. These changes include carrying

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costly insurance to cover data breaches and enhancing the firm’s accounting systems to mitigate the risk to the Agency. We believe these requirements may be barriers for DBE firms seeking Prime opportunities with DDOT. Unfortunately, the requirements are unable to be revised at this time, however, our DBE team will engage in further discussions with the Office of Risk Management to share the impediments presented to the firms that fall under the DBE and SBE programs and explore ways to eliminate these barriers.

To this end, DDOT will maintain its ability to use Race/Gender-Conscious (R/G-C) measures, because it is our belief that when properly applied through a “narrowly tailored” program, R/G-C measures are necessary to ensure equitable DBE participation and provide meaningful opportunities to DBE firms seeking to evolve into prime contractors. With the submission of this report, the Agency understands that it is at a pivotal stage in its DBE Program and is unwavering in its commitment to exceed the goals. The agency is striving to achieve the highest levels of DBE participation through race and gender-neutral means.

In summary:

Overall DBE Goal: **21.84%**
Race Neutral Goal: **1.57%**
Race Conscious Goal: **20.27%**

3.1 Race Gender-Neutral and Race-Conscious Activities

During FY2018-20, DDOT engaged in several race-neutral activities targeted to support the small business community. Additionally, the DBE Supportive Services Program collaborated with its regional small business development partners to offer a variety of business development services and activities.

DDOT will continue to engage our stakeholder groups about how OCR can support their efforts to gain meaningful work on upcoming projects.

3.1.1 SMALL BUSINESS ENTERPRISE (SBE) PROGRAM

DDOT is committed to furthering small businesses through meeting the requirements established in the U.S. Department of Transportation’s 49 Code of Regulation (CFR) Part 26.39, as mandated in the Final Rule dated November 1, 2014.

DDOT has established a Small Business Enterprise (SBE) Program, a race/gender neutral program, in accordance with 49 CFR Part 26, and with the U.S. Small Business Administration (SBA) at 13 CFR Part 121. DDOT receives federal financial assistance from the U.S. Department of Transportation, and as a condition of receiving this financial assistance, DDOT has signed an assurance that it will comply with 49 CFR Part 26.

In 2016, the SBE Program, launched an online certification portal which allow potential SBEs to submit documents for certification via DDOT’s website. There were 103 accounts opened for SBE certification, but 20 firm that submitted all documents and were certified. In 2017, DDOT grandfathered qualified DBE firms into the SBE Program. To date, there are 1,544 SBE firms in DDOT’s directory. To this end, several SBE firms were awarded contracts and the results of DDOT’s SBE spending are as follows:

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Table 10
DDOT SBE Spending
FY 2018 - 2020

| Contract Period | Total Spend | # SBE Firms |
|-----------------|--------------|-------------|
| FY 2018 | \$23,436,998 | 80 |
| FY 2019 | \$36,256,743 | 104 |
| FY 2020 | \$41,972,971 | 90 |

DDOT staff will continue to look for creative ways to utilize SBE firms in our federal procurement contracting process, build the capacity of those firms to do business with DDOT and promote the SBE program on a wider scale to increase involvement.

Small Business Capacity-Building Activities

DDOT has continued its efforts to nurture small businesses through ongoing outreach, training and resource sharing. DDOT hosted the following workshops were attended by our targeted population of firms:

- Access to Capital Workshop in collaboration with DSLBD
- Bonding Education Workshop
- DBE Certification Workshops
- Industry Day for H Street Bridge
- Good to Great Schedule (A/E Schedule) Workshop

DDOT will continue to explore and provide meaningful training opportunities for SBE firms to increase their chances of being successful in the marketplace.

Procurement Opportunities

Throughout FY 2018-2020, DDOT posted and distributed regular procurement notices and training updates to all firms listed in DDOT’s and WMATA’s directory. In the Fall of 2018 and 2019 DDOT hosted its Annual DBE Summit and Networking Symposium which provided certified firms with the occasion to network with Agency decision makers, prime contractors and technical assistance providers. The event was open to SBE and DBE firms. A summary of the event is provided later in this report.

During FY 2022-2024, DDOT will continue to host networking sessions linking prime contractors with potential subcontractors to facilitate communications and awareness of the capabilities of DBE certified firms and other small business. The Agency will also continue to engage our stakeholder groups about how OCR can support their efforts to gain meaningful work on upcoming projects.

Bonding Education Program

On April 22, 2019, DDOT held a Bonding Education Training & Fair to expose SBE and DBE firms to the different types of bonding products available in the market. The event featured three different bonding

companies that held matchmaking sessions with participants. Currently, DDOT is collaborating with DSLBD to plan a Bonding Education Program around the H Street Bridge Project. The program is scheduled to kick-off at the end of 2021.

Outreach Activities

DDOT has a vast array of relevant contracting opportunities for small firms, thereby, the DBE Program remains proactive in ensuring these firms have access to information. As such, the DBE Supportive Services Team, expanded its reach by participating in the following events during FY 2018-2020:

- Exhibitor at the DC Econ Unplugged Expo
- Exhibitor at the ANC Open House
- Exhibitor at the Entrepreneurial Small Business Expo – Catholic University
- Exhibitor at the Metropolitan Washington Airports Authority Annual Business and Career Fair
- Exhibitor at MD 5th Annual Business Opportunities & Entrepreneurial Training Summit
- Exhibitor at the WE Thrive Women’s Entrepreneur Conference at George Mason University
- Presenter at DSLBD Virtual Construction Conference

In FY 2022-2024, DDOT will continue its efforts throughout the Washington Metropolitan Area to recruit DBEs and other small business concerns, focusing on agencies performing similar transportation-related contracting, i.e., the Departments of Transportation for Maryland and Virginia, the Metropolitan Washington Airports Authority (MWAA), and WMATA.

3.1.2 EXPANSION OF DDOT’S BUSINESS DEVELOPMENT PROGRAM

DDOT is committed to building the capacity of DBEs through meeting the requirements established in the U.S. Department of Transportation’s 49 Code of Regulation (CFR) Part 26.39, as mandated in the Final Rule dated November 1, 2014.

DDOT established a Business Development Program, a race/gender conscious program, in accordance with 49 CFR Part 26. DDOT receives federal financial assistance from the U.S. Department of Transportation, and as a condition of receiving this financial assistance, DDOT has signed an assurance that it will comply with 49 CFR Part 26.

Collaboration with the District Department of Small and Local Business Development

To expand DDOT’s DBE directory with certified DBE firms who are ready, willing and able to perform on DDOT’s federal-aid highway construction projects, the DDOT OCR elevated its partnership with the District Department of Small and Local Business Development (DLSBD) by participating in its pre-certification information sessions. Additionally, OCR serve as a workshop presenter at the DSLBD District Connect: Business Contracting Conference covering the DBE certification process.

The Business Development Program (BDP)

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During FY 2018-2020, the activity in the program decreased because of personnel transitions in the Office of Civil Rights, including the Chief Transportation Equity and Inclusion Officer. In 2020, DDOT permanently filled the Chief position and hired a DBE Supportive Service (DBE/SS) Program Manager in October. The incoming DBE/SS Manger has started the solicitation process to hire a consultant for the BDP Program. Moreover, in November 2020, DDOT has held the 10th Annual DBE Summit and in May 2021 the Virtual DBE Networking Event. A summary of both events is included below. DDOT remained committed to offering quality training to its targeted firms under the BDP, in addition to offering additional technical and capacity building training to the small business community.

Disadvantaged Business Enterprise Summit and Networking Symposium

FY2020 marked the 10th year of partnership between DDOT and the FHWA DC Division in sponsoring the DBE Summit and Networking Symposium to certified DBEs, small businesses, and prime contractors working or looking to do work with DDOT. Due to the Coronavirus (COVID-19) global health pandemic, DDOT faced the challenge of continuing the tradition of providing this highly anticipated and attended event while ensuring COVID-19 safety procedures. As a result, DDOT transitioned the event from an in-person to its first virtual conference experience, contracting with a DBE consultant, Aridai, to coordinate the Summit and Networking Symposium virtually. The 10th Annual DBE Summit and Networking Symposium was held on November 9, 2020, from 8:30 am – 1:30 pm, as a free virtual event to the public. The event attracted 429 registrants with 277 actual participants. Attendees were able to download information from the Summit including a forecast of contracting opportunities.

Post-Summit Evaluation Survey: A 19-question multiple-choice survey was developed and distributed to each attendee during and after the event. Survey Findings and Highlights are noted in the table below:

| Question /Topic | Response/Percentage |
|---|---------------------|
| No of attendees that had <i>not</i> attended a DDOT DBE Summit in the past | 42% |
| Rating of Summit attendees that felt their pre-registration needs were met | 92% |
| DBE Summit participants overall rating of information sessions (<i>The Business Opportunities at DDOT Session was ranked most informative of all Summit sessions</i>) | 4 out of 5 stars |
| No. of attendees said the event was overall good, very good, or excellent | 97% |
| DBE Summit attendees likely to strongly recommend the Summit to a friend or colleague | 56% |

DBE Networking Event Overview

In 2021, DDOT worked in collaboration with the FHWA DC Division to host Part-Two to its successful 10th Annual DBE Summit with a dedicated DBE Networking Event held on May 3, 2021, from 9 a.m. to 1:00 pm. The DBE Networking event was structured as a virtual intensive one-day event which offered participants opportunities to engage directly with the agency’s prime contractors, Architectural/Engineering (A/E) project managers, local governmental agencies, financial institutions through both one-on-one matchmaking and group networking sessions. Below are the registration and attendance highlights for - DBE Networking Event:

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| Topic | Findings/Response |
|--|-------------------|
| Total number of individuals registered for the DBE Networking Event (Includes exhibitors, speakers and participants) | 601 |
| Number of actual DBE Networking Event registrants | 550 |
| Number of DBE Networking Event participants waitlisted | 51 |
| Actual number of individuals that participated in the DDOT virtual DBE Networking event | 333 |
| Number of Exhibitors (Includes private companies, State/local government agencies and resource organizations) | 38 |

The DBE Networking Event supported the goal of DDOT’s Business Develop Program by expanding resources to DBE firms through a wide range of engagements with government officials and contractors representing the private and public sectors. This event has become a much-anticipated networking opportunity for DBE firms, Prime Contractors and the business community at large. DDOT looks forward to hosting this conference in the coming years.

4.0 Conclusion

DDOT is unequivocally committed to fostering race conscious and race-gender neutral participation in federally funded contracting opportunities. While DDOT’s program has experienced some challenges with personnel transitions and the public health emergency, DDOT is confident, moving forward that we will achieve all programmatic goals. Currently, DDOT’s Equity and Inclusion Division/Office of Civil Rights’ staff is diligently working to strengthen protocols and practices governing DDOT’s activities under this program. DDOT’s DBE Summit and Networking Symposium has grown into one of the premier small business events in the District of Columbia. DDOT remains steadfast in delivering quality technical assistance and training for our constituents and DDOT believes our programming will produce favorable results in the coming years.