

DISADVANTAGED BUSINESS ENTERPRISE GOAL METHODOLOGY

Federal Transit Administration
FY 2019 - 2021
March 2019

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

Disadvantaged Business Enterprise Goal Methodology

FTA FY2019-2021

Table of Contents

1.0 Introduction.....	3
2.0 Proposed DBE Goal for FY2019-2021.....	3
3.0 Race/Gender-Neutral and Race/Gender-Conscious Measures.....	9
3.1 Race/Gender-Neutral and Race Conscious Activities.....	10
4.0 Conclusion.....	16

List of Tables

Table 1: Contracting Activity for Federal Aid Contracts FY 2015-2017.....	4
Table 2: Design, Engineering and Professional Services NAICS Codes.....	5
Table 3: Highway Construction (Contractors) NAICS Codes	5
Table 4: Relative Availability of DBE Firms.....	6
Table 5: Percentage of Work Anticipated on DDOT Contracts	7
Table 6: Weighted DBE Availability.....	8
Table 7: DBE Prime Contractor Awards	10

1.0 Introduction

The District Department of Transportation (DDOT) respectfully submits the Disadvantaged Business Enterprise Goal Methodology report for FY 2019-2021 to the United States Department of Transportation, Federal Transit Administration. The 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, the DDOT proposes a DBE goal of **18.51%** with a race conscious goal of 16.51% and a race neutral goal of 2% on Federal Transit Administration (FTA)-funded projects, effective for a period of three (3) years: FY 2019-2021.

PTSA administers DDOT's Section 5303/5304 metropolitan and statewide planning funds. For this goal setting process, Section 5303 funds are excluded from the methodology as these are "pass through" funds to the Metropolitan Washington Council of Governments (MWCOG) to support the entity's overall Unified Planning Work Program. This methodology is based upon PTSA's projection of potential contract opportunities on the agency's Section 5304 Statewide/DC based Planning Activities to support DDOT's ongoing transportation planning for its Circulator Program and Section 5339 Bus & Bus Facilities Program.

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

Step 1 - Determination of Relative Availability of DBE Contractors

The first step in determining the relative availability of DBE Contractors is to identify DDOT's local market area. The local market area is defined 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>) ("*Tips for Goal Setting*") as the area in which the substantial majority of the contractors and subcontractors with which DDOT does business are located, and the area in which DDOT spends the substantial majority of its contracting dollars.

The local area market for DDOT includes Washington, DC Metropolitan Area, hereafter referred to as "Metro Area". The Metro Area is defined by the U.S. Census Bureau Metropolitan Statistical Area as Washington-Arlington-Alexandria, DC-MD-VA-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 (<http://censtats.census.gov/cgi-bin/msanaic/msasect.pl>). It also includes the Bethesda, Rockville-

Disadvantaged Business Enterprise Goal Methodology

Frederick Maryland Metropolitan Division, which comprises Frederick and Montgomery Counties (<http://www.census.gov/population/metro/files/lists/2009/List1.txt>).

Data for this process was gathered by examining contract activity for the period of FY 2015-2017 (October 1, 2014-September 30, 2017). Based upon examination of the available data, DDOT’s contractual dollars totaled \$274,093.27 of which \$13,704.96 (5%) 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 2015-2017:

Table 1

	Total Awards and Commitments for the Period of 2015-2017	Amount Represented by Washington Statistical Area Market	Portion of Metropolitan Washington Statistical Area Market
Geographic Distribution Contract Dollars	\$274,093.27	\$13,704.96	5.00%

Contracting Activity for Federal-Aid Contracts

For the Period of FY 2015-2017

As described in Section 26.45(c)(5) of the DBE Regulations, DDOT used its DBE directory and Census Bureau data to determine the relative availability of ready, willing and able DBE firms within DDOT’s local market area. This calculation will provide 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 Metropolitan Washington Unified Certification Program (MWUCP).
- The Census Bureau’s 2016 Country Business Pattern for the local market area described above.¹ This data is used to provide a more accurate account of all firms within the geographic market based upon current census data. The data is collected annually. The data used in this report reflects data which was collected in 2016 and released for public use in April 2018.

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.

¹ The data sets for the counties and cities identified as the market area were collected using the American Fact Finder tool. <http://factfinder.census.gov/faces/nav/jsf/pages/searchresults.xhtml?refresh=t#none>

According to the U.S. Census Bureau, NAICS Codes are the standard used by federal statistical agencies for 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 has determined the overall categories of active contractors available for projects planned in FY 2019-2021 from the following NAICS Codes, listed in **Tables 2 and 3**, respectively.

Table 2
Design, Engineering and Professional Services NAICS Codes

NAICS CODES	NAICS DESCRIPTION
541330	Engineering Services
541611	Administrative Management and General Management Consulting Services
541618	Other Management Consulting Services

Table 3
Highway Construction (Contractors) NAICS

NAICS CODES	NAICS DESCRIPTION
237310	Highway, Street & Bridge Construction
238110	Poured Concrete Foundation and Structure Contractors
327320	Ready-Mix Concrete Manufacturing

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 then used our DBE Directory and the County Business Pattern Data for our local market area to calculate the relative DBE availability for each NAICS code in which DDOT expects to do work in FY 2019-2021. The result of this analysis is set forth in **Table 4** below.

**Table 4
Relative Availability of DBE Firms**

NAICS Code	Description	Number of DBEs Available to Perform this Work	Number of All Firms Available (Including DBEs)	Relative Availability
237310	Highway, Street and Bridge Construction	77	152	50.66%
238110	Poured Concrete Foundation and Structure Contractors	59	439	13.44%
327320	Ready-Mix Concrete Manufacturing	6	63	9.52%
541330	Engineering Services	31	1980	1.57%
541611	Administrative Management & General Management	233	4058	5.74%
541618	Other Management Consulting Services	113	417	27.10%
Combined Totals		1,755	7,109	

Estimating the Dollar Value of Federal Work to be Performed in FY2019-2021

In order to obtain the best estimate of dollars to be expended in the specific contracting opportunities and NAICS codes for FY 2019-2021, DDOT has examined projects which are to be funded by the Federal Transit Administration (FTA). Based on the examination of DDOT’s proposed budgets, the Agency estimates that it will execute contracts totaling:

FY 2019:	\$2,100,334.32
FY 2020:	\$1,110,000.00
FY 2021:	<u>\$1,155,000.00</u>
	\$4,365,334.32

These dollars are to be utilized for transportation planning, bus stop improvement activities, and other administrative and management consulting service for the Circulator Program.

Estimating the Percentage of Federal Work to be Performed by NAICS Code in FY 2019-2021

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 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)
237310	Highway, Street and Bridge Construction	\$900,000.00	0.20617
238110	Poured Concrete Foundation and Structure Contractors	\$1,250,000.00	0.28634
327320	Ready-Mix Concrete Manufacturing	\$99,000.00	0.02267
541330	Engineering Services	\$1,517,912.00	0.34773
541611	Administrative Management & General Management	\$52,137.32	0.01194
541618	Other Management Consulting Services	\$546,225.00	0.12512
	TOTAL	\$4,365,334.32	

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

Once we obtained the relative availability for each NAICS code and the percentage of funds anticipated to be spent in each code we are ready to obtain the weighted availability for each NAICS code and then calculate the Step One Base Figure. This is the method of Step One Base Figure calculation favored by the Tips for Goal Setting. We accomplish this by multiplying the percentage of total funds to be spent in each NAICS code by the relative DBE availability for each NAICS code. This calculation provides the weighted availability for each code. We then sum 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	Weighted Availability
			(Weight)	
237310	50.66%	\$900,000.00	0.20617	10.44%
238110	13.44%	\$1,250,000.00	0.28634	3.85%
327320	9.52%	\$99,000.00	0.02267	0.22%
541330	1.57%	\$1,517,912.00	0.34773	0.54%
541611	5.74%	\$52,137.32	0.01194	0.07%
541618	27.10%	\$546,225.00	0.12512	3.39%
TOTAL		\$4,365,334.32		18.51%

Weighted Base Figure= 18.51%

FY 2019-2021 Step One Base Figure: 18.51%

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 the rules and the guidance 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 Past Performance.

In order to determine if past performance should be used as a criterion to construct a Step Two adjustment, DDOT must collect contracting data over a period of three years (3) years. However, the data was not required to be maintained, consequently, a participation goal was never established. To this end, the contracts under this program did not carry DBE requirements. Therefore, an adjustment to the base figure is not warranted at this time.

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, we determined that our goals would be more accurate if we did not adjust for these factors. In most cases, the data referenced in the rule was not available and even where it was we were unable to determine a logical mathematical way to adjust our goal based on the evidence. Still, we considered each of the factors outlined below:

- i. **"Evidence from disparity studies conducted anywhere within your jurisdiction, to the extent it is not already accounted for in your base figure."**
 - a. 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"**
 - a. 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.**
 - a. According to the District Department of Employment Services Preliminary Ward Labor Force, Employment, Unemployment and Rate statistics, as of August 2018, the unemployment rate for the Washington-Alexandria-Arlington-DC-MD-VA Metropolitan Statistical Area is 3.5% (https://does.dc.gov/sites/default/files/dc/sites/does/page_content/attachments/Aug_2018_DCarea_EmplStatus.pdf). However, the unemployment rate for the District of Columbia is 6.1%.

While the unemployment rate for the District is lower than the previous year’s rate of 6.4%, there are three (3) wards within the District of Columbia that continue to lag behind other wards of the city. Wards 5, 7 and 8 have unemployment rates of 7.3%, 10.2% and 13.2%, respectively. The District has initiated several incentives for businesses to employ District residents, specifically in the construction industry. Additionally, there are several pre-apprenticeships, apprenticeships and other training opportunities to prepare individuals within the region for the construction industry. These programs are available to assist DBE firms to increase their workforce capacity on DOT-assisted projects. None of this data provides us with a reliable way to adjust our goals at this time.

- i. **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 2015-2017 supports DDOT’s ability to achieve **18.51% with a race/gender/conscious goal of 16.51% and a race neutral goal of 2% DBE participation.**

The guideline, *Tips for DBE Goal Methodology*, recommends establishing estimates of race neutral participation on past experiences with in this category. As such, in past spending, the District Department of Transportation did not meet the prerequisite funding threshold that required DBE participation on FTA assisted projects. Therefore, no historical data exists that would allow DDOT to estimate future race neutral participation.

Table 7
DBE Prime Contractor Awards For FY 2015-2017
(Race-Neutral)

Fiscal Year	Total Awards	DBE Prime Contract Awards (Race Neutral)	% of Total Subcontract Awards
FY 2015	\$286,474.27	\$0	0.00
FY 2016	\$0.00	\$0	0.00
FY 2017	\$0.00	\$0	0.00
		Historical Median	0.00

The unavailability of the historical data required to determine the median race-neutral DBE prime contractor participation during FY 2015-2017 is demonstrated in **Table 7**. The Agency recognizes that this is a concern within the DBE community and will review its procurement forecast to determine: (1) the nature of the contracts that will be let; and (2) whether DBE firms are available for projected FTA assisted procurement opportunities.

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. Therefore, we propose an overall FY 2019-2021 DBE goal of 18.51%. Our race-conscious participation is 16.51% and the race-neutral portion of our DBE goal will be set at 2%. The race-neutral goal was set by comparing past FHWA DBE utilization/participation within the specific NAICS codes identified in Tables 2 & 3 above to future opportunities in those same NAICS codes that will be funded through FTA.

Because the historical DBE goal data on FTA funded contracts is unavailable, we believe it is appropriate to set the race-neutral portion using data from DDOT’s approved FHWA DBE program. DDOT will consider any decreases, increases or substantive changes during this three (3) year period that will affect the goal. Upon such occurrence, DDOT will duly exercise its authority to amend the goal to ensure that the DBE program is narrowly tailored and accurately reflect current contracting conditions during this period

In summary:

Overall DBE Goal: **18.51%**
Race Neutral Goal: **2.00%**
Race Conscious Goal: **16.51%**

3.1. Race Gender-Neutral and Race-Conscious Activities

During FY 2016-18, 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.

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. We hosted several construction training workshops for DBEs to include: cost estimating, construction plans reading and construction math. All small business capacity-building activities were conducted through the DBE/Supportive Services office. Additionally, the following workshops were offered and attended by our targeted population of firms:

- DDOT 101 Orientation
- Marketing: The Next Level
- FAR 31 Compliance
- How to Prepare a Winning Bid Proposal
- Certified Business Enterprise Program Overview
- Contract Basics Part I
- Contract Basics Part II
- Debriefing 101 Webinar
- Developing a Pipeline
- Tools for Assessing Procurement Opportunities
- Davis Bacon Compliance Workshop

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

Procurement Opportunities

Throughout FY 2016-2018, the DBE Supportive Services office distributed regular procurement notices and training updates to DBE firms listed in DDOT's and WMATA's directory. Additionally, the staff shared the announcements with DDOT's regional partners in Maryland and Virginia, and with other partners that serve the small business community throughout the Metropolitan Washington Region.

Doing Business with DDOT Networking Series

DDOT's popular doing Business with DDOT Networking Series launched in FY 2012 with the engineering firm of Parsons Brinckerhoff. In FY 2016, DDOT continued in this tradition by hosting networking sessions to connect smaller firms with Parsons Brinckerhoff, CH2M Hill and HNTB. These intimate gatherings provided small businesses an opportunity to obtain information on the companies' procurement processes, learn about their prequalification requirements, and meet with the firms' business development staff.

In the Fall of 2018 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. A summary of the event is provided later in this report.

During FY 2019-2021, 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.

Disadvantaged Business Enterprise Goal Methodology

Bonding Education Program

DDOT did not conduct a Bonding Education Program in FY 2016-2018. However, it is anticipated that DDOT will identify partners to plan and implement a program during FY 2019-2021.

Outreach Activities

DDOT has a vast array of relevant contracting opportunities for small firms, thereby, OCR 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 2016-2018:

- Exhibitor at the U. S. DOT Small Business Opportunity Day
- Exhibitor at the PTAC Conference
- Exhibitor at the Meet the Generals Small Business Networking Conference in partnership with the National Association of Minority Contractors, Washington Metropolitan Area Chapter
- Exhibitor at the Metropolitan Washington Airports Authority Annual Business Opportunity Day
- Exhibitor at the U.S. Department of Transportation OSDBU Veterans Event
- Exhibitor at the U.S. Department of Transportation OSDBU Networking Event
- Presenter at Office of the Deputy Mayor – Conference on Planning and Development – Great Streets Conference
- Held DDOT/DSLBD – CBE/DBE Certification Clinics

In FY 2019-2021, 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.

Work Zone Safety Workshops

In FY 2016, the DDOT DBE/SS Program in collaboration with the American Road and Transportation Builders Association (ARTBA) held an OSHA 30 and 2 OSHA 10 safety classes in English and Spanish. Approximately 46 individuals participated in the OSHA 30 certification training to ensure that staff had the required safety certifications to perform on DDOT's federal-aid or other construction projects. In addition, a Fall Safety Protection for Bridge Workers training was conducted. This free training offers certification as a fall safety and prevention operative on construction sites and was attended by 18 participants.

Contractors Training

In FY 2016, the DBE/Supportive Services Program partnered with DDOT's Davis Bacon Compliance Team to present a contractor's training session. The session covered the OJT program manual, rules, regulations, supportive services, compliance, program changes and the Davis Bacon Act. Approximately, 18 firms participated in the training.

Disadvantaged Business Enterprise Goal Methodology

Collaboration with the District Department of Small and Local Business Development

To expand our DBE directory with certified DBE firms who are ready, willing and able to perform on DDOT's federal-aid 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 Assistance Program (BAP)

During FY 2016-2018, the activity in the program decreased because of personnel transitions and the closure of the office housing the BOWDC. Program staff members were relocated to DDOT's headquarters in February 2016. However, DDOT remained committed to offering quality training to its targeted firms under the BAP, in addition to offering additional technical and capacity building training to the small business community. The assistance served as the beginning of a roadmap for the agency as it began to develop a stronger race-neutral small business program, and to facilitate new firms which are seeking to participate in DDOT's procurement program.

During FY 2016, DDOT DBE Supportive Services office continued to provide technical assistance to 15 participants in the BAP. These services include one-on-one technical assistance around capability statement review, upcoming opportunities, introductory meetings with DDOT's program managers and other consulting services.

The BAP has newly hired, experienced staff that will provide continuity of services to firms desiring to participate in the program in FY2019-2021.

Disadvantaged Business Enterprise Summit and Networking Symposium

In 2017 and 2018, DDOT co-hosted the annual DBE Summit & Networking Symposium in collaboration with the USDOT DC Division to highlight upcoming procurement opportunities and facilitate networking opportunities with the Agency's prime construction contractors and A/E project managers.

In 2018, approximately 403 participants were in attendance with 218 small business firms represented. Participants completed an evaluation of the summit and the following is a random sampling of questions and responses from the Summit which rated each question as excellent, good, adequate, poor or needs improvement:

Question	Response/Percentage
The <i>DDOT Partnership Tools</i> plenary session was useful and informative.	Excellent/58.5%
The <i>DDOT Projects and Opportunities</i> plenary session was useful and informative.	Excellent/66.1%
The event enabled me to network successfully.	Excellent/79%
The overall event was well organized.	Excellent/82.5%

Disadvantaged Business Enterprise Goal Methodology

DDOT will continue to ensure DBE firms have real opportunities for contracting through collaborative efforts with our partners at USDOT and various stakeholders. We expect to build more partnerships with prime contractors and resource providers by means of our annual Summit and Networking Symposium. This event has become a much-anticipated networking opportunity for DBE firms, Prime Contractors and the business community at large. We look 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 our federally funded contracting opportunities. While our program has experienced some challenges, we are confident, moving forward that we can achieve all programmatic goals. Currently, our staff is diligently working to strengthen the protocols and practices governing DDOT's activities under this program. Our DBE Summit & Networking Symposium has grown to become one of the premier must Despite staffing transitions, DDOT remained steadfast in delivering quality technical assistance and training for our constituents. We believe our program will produce favorable results in the coming years.