

ALABAMA DEPARTMENT OF TRANSPORTATION DBE OVERALL GOAL-SETTING METHODOLOGY

Federal Fiscal Year 2020-2022

EXECUTIVE SUMMARY

The Alabama Agricultural and Mechanical University Department of Transportation (AAMUDOT), as a recipient of United States Department of Transportation (DOT) financial assistance, is required to establish a Disadvantaged Business Enterprise Program (DBE) plan and an overall DBE goal and methodology. AAMUDOT has developed its DBE goal and goal-setting methodology in accordance with Title 49 Code of Federal Regulations Part 26, Section 26.45. While AAMUDOT's DBE goal and methodology is established every three years, AAMUDOT will conduct interim reviews or mid-course "inline adjustments" annually to assess market conditions and to ensure that its goal remains defensible.

AAMUDOT has set its overall three-year (3) DBE for FY 2020-2022 at 17.91%. A budget for the FY 2020-2022 data are shown in Table 1. The total available funds for contracting opportunities is \$1,336,000. An exercise was then undertaken to determine the number of available DBEs for the NAICS codes categories for which there were contracting opportunities following guidelines of Step 1 in Section 26.45 of the Rule. While AAMUDOT's DBE goal and methodology is established every three years, AAMUDOT will conduct interim reviews or mid-course "inline adjustments" annually to assess market conditions and to ensure that its goal remains defensible.

OVERVIEW OF THE GOAL-SETTING PROCESS

As a recipient of Federal Transit Administration (FTA) financial assistance, AAMUDOT is required to submit a triennial overall goal for DBE participation using the two-step, goal-setting process. The DBE goal methodology considers relevant data, within AAMUDOT's business market, in determining the level of participation that AAMUDOT could expect in the absence of discrimination or other socio-economic barriers. The first step in the DBE goal-setting process involves establishing a base figure for the relative availability of DBEs and non-DBEs in AAMUDOT's business market, describing the evidence with which the availability was calculated. In Step Two, AAMUDOT may consider making adjustments to the Step One base figure. The purpose of an adjustment to the base figure is to establish that the goal was as precise as possible, where appropriate, and describing the evidence relied upon for such adjustments. An additional step is to identify what portion of the overall goal is race-neutral and race-conscious. The DBE rules suggest that agencies/recipients meet the "maximum feasible portion" of its overall DBE utilization goal through race-neutral means of facilitating race-neutral DBE participation. The final step is sharing the proposed DBE overall goal and the methodology used to establish the proposed DBE overall goal with the public. The purpose of the public consultation is to 1) obtain information concerning the availability of disadvantaged and non-disadvantaged businesses, 2)

the effects of discrimination on opportunities for DBEs, and 3) to include AAMUDOT's efforts to establish a level playing field for the participation of DBEs. The public will be asked to provide comments during a 30-day period. A DBE Goal Notice will be posted on AAMUDOT's website. Following the public consultation period and considering the public's comments, AAMUDOT will adjust the proposed overall goal, if applicable. AAMUDOT will submit the final goal and methodology to FTA.

Methodology and Data Sources

For the AAMUDOT DBE goal to satisfy the requirements set forth in the USDOT regulations, as well as comply with the Supreme Court's narrowly-tailored standard, the DBE goal must be based on a defined geographic market. The relevant geographic market area is North Alabama, which encompasses Madison, Marshall, Lawrence, Limestone, Chilton and Jefferson Counties.

The calculations to determine the base figure are made in order to measure the relative availability of DBE firms or firms that could be certified as DBE firms to perform the types of prime and subcontract work that AAMUDOT contracts out. The methodology used determines the percentage of DBE firms that are ready, willing and able to respond to solicitations for the types of work that AAMUDOT will be soliciting contracts on during the 2020-2022 federal fiscal years (FFYs).

DBE availability was determined based upon relevant areas of work AAMUDOT determined that the appropriate methodology was to use the Alabama Unified Certification Program DBE Directory, AAMUDOT Vendors List Total number of firms for each relevant area of work using NAICS Code through the 2018 United States (US) Census Bureau County Business Pattern (CBP).

STEP ONE –Base Figure Calculations DBE Goal

Before beginning the base figure calculation, AAMUDOT determined North Alabama as its local market area.

Determination of the Step One Base Line Figure

As part of the goal-setting process, Step 1 required AAMUDOT to begin with a base figure for the relative availability of DBEs and all firms.

AAMUDOT proceeded to identify the work categories that will be contracted out in the triennial period. The defined categories of work were then matched to the appropriate North American Industry Classification System (NAICS) codes. The NAICS identified in AAMUDOT's construction are:

- 237310 Highway, Street and Bridge Construction
- 238990 Specialty Trade Contractors

- 238910 Site Preparation Contractors
- 238160 Canopy covering/Roof
- 561730 Landscaping
- 238210 Electrical

After defining the work categories, AAMUDOT proceeded to identify availability of DBEs and all firms for each work category. The number of DBEs came from the Alabama Unified Certification directory of certified DBEs. The number of non-DBEs came from the Census Bureau on County Business Patterns data for 2018. The type of work was utilized to determine the availability of all firms in North Alabama.

Below in Table 1 is a listing of anticipated work categories expected to be contracted out in FYs 2020-2022.

Table I. Determining weight of each type work by NAICS Code

NAICS Code	Project	Amount of DOT funds on project:	% of total DOT funds (weight)
238160	Canopy covering for bus storage facility	\$300,000.00	0.2246
238910	Site preparation/Excavation	\$84,000.00	0.0629
238110	Concrete paving	\$60,000.00	0.0449
237310	Paving the parking lot	\$324,000.00	0.2425
561730	Landscaping	\$64,000.00	0.0479
238210	Electrical	\$344,000.00	0.2575
238990	Other Special trades	\$160,000.00	0.1198
Total FTA-Assisted Contract Funds		\$1,336,000.00	1

Base Figure

The base figure for the relative availability of DBEs was calculated as follows:

$$\text{Base figure} = \frac{\text{Ready, willing, and able DBEs}}{\text{All Firms Ready, Willing and Able}} \times \text{weight} \times 100$$

For the numerator: DBE Database of Certified DBE firms

For the denominator: 2018 U.S. Census Bureau’s Business Patterns Database.

Weighting

As recommended in the Tips for Goal Setting, AAMUDOT utilized weighting by reviewing contract dollars spent on different work categories and then applying this to the relative availability of DBE firms within those work classifications. AAMUDOT ensured that the Step One base figure was as accurate as possible. Illustrated below in Table II is a listing of work categories, contractor availability, and weighting calculation. AAMUDOT processes included:

- Identified work categories
- Identified the number of relative available DBEs
- Identified the number of relative available All firms in North Alabama
- Calculated total contractors by adding the number of relative available DBEs to the number of relative available contractors
- Calculated the percent of DBEs by dividing the number of DBEs by the total number of all firms in the relevant area
- Calculated the percent of federal funding by dividing the dollar amount allocated to a work category by the total amount of funding for all categories.
- Calculated the weighted availability by multiplying the percent of DBEs with the percent of federal funding

Table II. Weighting base figure

NAICS Code	Project	Number of DBEs available to perform this work	Number of all firms available (including DBEs)	Relative Availability
238160	Canopy covering for bus storage facility	0	58	0.0000
238910	Site preparation/Excavation	13	103	0.1262
238110	Concrete paving	13	42	0.3095
237310	Paving the parking lot	18	34	0.5294
561730	Landscaping	15	185	0.0811
238210	Electrical	10	247	0.0405
	Combined Totals	77	735	0.1048

NAICS Code	Project	Weight	x	Availability	Weighted Base Figure
238160	Canopy covering for bus storage facility	0.22455	x		
238910	Site preparation/Excavation	0.06287	x	0.12621	0.0079
238110	Concrete paving	0.04491	x	0.30952	0.0139
237310	Paving the parking lot	0.24251	x	0.52941	0.1284
561730	Landscaping	0.04790	x	0.08108	0.0039
238210	Electrical	0.25749	x	0.04049	0.0104
238990	Other Special trades	0.11976	x	0.12121	0.0145
				Total	0.1791
				Expressed as a % (*100)	17.91%
				Rounded, Weighted Base Figure:	18%

Step Two: Adjusting the Base Figure

There is no past participation consideration, no historically data available to warranty adjusting the base figure. AAMUDOT did not complete a disparity study, neither did AAMUDOT was able to locate any recent disparity studies in its relevant geographic area.

Race and Gender-Neutral and Conscious Measures

AAMUDOT estimate that in meeting the overall goal of 17.91 will obtain 100% from race neutral participation and 0.0% from race conscious measures. The following race/gender-neutral means will be instituted and continue to be utilized by AAMUDOT to increase opportunities for DBEs: AAMUDOT will meet the maximum feasible portion of its overall goal by using race-neutral means of facilitating DBE participation. AAMUDOT will implement the following race-neutral means to DBE participation;

- Unbundling various work categories on projects to allow for subcontractors' participation, awarding contracts to DBE prime contractors and subcontractors as the lowest responsible bidders.
- Providing technical assistance and other outreach services
- Holding public meetings to discuss upcoming fiscal year projects and work categories.

For reporting purposes, race-neutral DBE participation includes, but is not necessarily limited to the following; DBE participation through a prime contract that a DBE obtains through customary competitive procurement procedures; DBE participation through a subcontract on a prime contract that does not carry a DBE goal; DBE participation on prime contract exceeding a contract goal.

Public Participation/Consultations/Outreach Initiatives

In accordance with public participation regulatory requirement of 49 CFR 26.45(g), minority, women, local business associations, public stakeholders, and community organizations within the market area are to be consulted and provided an opportunity to provide comments on the proposed DBE goal and methodology and triennial goal analysis.

AAMUDOT will utilize the services of Alabama A&M University DBE Supportive Services Program (AAMDBESSP), to promote the recruitment of qualified minority-owned businesses that can perform work on AAMUDOT's construction projects. The goal of the outreach is to not only increase program awareness for current AAMUDOT certified DBE firms working on AAMUDOT federally funded projects, but to increase the number of willing, able, capable, small and disadvantaged minority firms. The AAMUDBESSP works with other organizations, such as North Alabama African American that promotes minority and small business. We publish our or goal information on Alabama A&M University website: [aamu-dbe-goal-methodology-document.pdf](#)