

FLORIDA DEPARTMENT OF TRANSPORTATION

METHODOLOGY FOR DETERMINING DBE GOAL (49 CFR 26.45) FEDERAL FISCAL YEAR 2011

OVERALL GOAL

The overall goal for the Florida Department of Transportation's (FDOT) Disadvantaged Business Enterprise (DBE) program for FHWA assisted contracts is established on an annual basis. The overall goal for federal fiscal year 2011 has been set at **8.60%** utilizing the methodologies described in 49 CFR Part 26.

METHODOLOGY

In setting the goal for FDOT, it is required that the goal setting process begin with a base figure for the relative availability of DBEs. The overall goal must be based on demonstrable evidence of the availability of ready, willing, and able DBEs relative to all businesses ready, willing, and able to participate on FHWA assisted contracts.

FDOT has reviewed the alternatives listed in 49 CFR Part 26 and selected the bidders list as the best approach for goal development. FDOT has gathered information for the bidders list from the three sources below and has included those firms bidding during one or more of the 2008 thru 2010 calendar years. The bidders list includes both successful and unsuccessful bidders, primes and subs, and DBEs and non-DBEs. Three years was used for the bidders list because it would incorporate the largest number of likely participating bidders, especially small businesses who may only be able to work on one large contract that may last more than a year. Capturing three years of bidders also ensures that FDOT has the more complete information and would more likely include businesses that should have, but did not show up on a list that included only one year. The three sources are:

- Subcontractors listed on the Bidders Opportunity List that is provided by primes in their bids submitted to the Contracts Administration Office for construction contracts and the Procurement Office for professional services contracts; this form is provided whether they were awarded the bid or not.
- Reports from Trns*port that list all bidders, successful bidders, and their listed subcontractors.

Most of this information was entered into our Equal Opportunity Reporting System (BizTrak) that generated the reports for the step one analysis.

Step One

In the analysis of the relative availability of DBEs, FDOT reviewed the last three years to determine the median percentage of dollars expected to be available for the two major work categories: construction and consulting. Construction contractors received 84.82% of the awarded federal dollars and professional services consultants received 15.18% of the awarded federal dollars.

CONSTRUCTION CONTRACTORS:

FDOT's Trns*port System has adequate information to identify how much dollars FDOT spends on different types of construction work. FDOT, however, does not prequalify or track the types of work performed by all subcontractors. Therefore, FDOT cannot weight the dollars for construction by the type of work. The only information related to weighting that can be used in construction is in major and intermediate bridges where FDOT has no DBEs that can perform this work. FDOT estimates that 9.41% of our federal funds are used for major and intermediate bridges. After subtracting these dollars from this analysis, FDOT estimates that 75.41% (84.82%-9.41%) of our dollars are available for DBEs in construction work.

FDOT reviewed the bidders list and found that a total of 3,622 firms were bidding as either a prime or a subcontractor on construction projects. Of this amount 287 or 7.92% were DBEs.

Given that 75.41% of FDOT's dollars are available for DBEs in construction work and that 7.92% of the construction bidders are DBEs, FDOT would expect that 5.97% of all dollars awarded would be awarded to DBEs in construction work. This is represented by the following calculation: **$.0792 \times 75.41\% = 5.97\%$**

CONSULTANTS:

The median dollars received by the consultant industry over the last three years was 15.18% of the federal dollars. FDOT prequalifies all of our professional services' firms by work category and also tracks the dollars spent in each of these work categories. Therefore, FDOT is able to weight our calculations by each work group. The following table provides the percentage of dollars that DBEs would be expected to receive by work category:

PREQUALIFICATION AREA	DBEs &		PERCENT OF DBES BIDDING	PERCENT	
	TOTAL BIDDING	DBEs BIDDING		FEDERAL DOLLARS	PERCENT FOR DBES
PD & E Studies	82	6	7.32%	6.97%	0.51%
Minor Highway Design	247	67	27.13%	11.12%	3.02%
Major Highway Design	165	33	20.00%	13.41%	2.68%
Controlled Access Hwy Design	117	21	17.95%	5.42%	0.97%
Minor Bridge Design	96	17	17.71%	7.01%	1.24%
Major Bridge Design - Concrete	65	4	6.15%	0.42%	0.03%
Moveable Span Bridge Design	6	0	0.00%	0.13%	0.00%
Conventional Bridge Inspection	82	14	17.07%	1.64%	0.28%
Bridge Load Rating	87	14	16.09%	0.09%	0.01%
Traffic Engineering Studies	149	40	26.85%	0.53%	0.14%
Traffic Signal Timing	115	29	25.22%	0.53%	0.13%
Traffic Systems Analysis & Design	76	14	18.42%	1.15%	0.21%
Traffic Eng. Systems Implementation	57	9	15.79%	0.42%	0.07%
Signing, Marking & Channelization	212	55	25.94%	0.21%	0.05%
Control Surveying	99	22	22.22%	0.06%	0.01%
Highway Materials Testing	30	10	33.33%	2.10%	0.70%
Roadway CEI	163	48	29.45%	36.24%	10.67%
Eng. Contract Administration & Mgmt.	28	1	3.57%	10.72%	0.38%
Policy Planning	69	11	15.94%	0.30%	0.05%
Systems Planning	100	22	22.00%	0.58%	0.13%
Architect	35	2	5.71%	0.53%	0.03%
Other	866	260	30.02%	0.41%	0.12%
Weighted Availability of DBEs				99.99%	21.45%

The weighted DBE consultant availability is 21.45%. Given that consultants would get 15.18% of the total federal dollars awarded, FDOT would expect that 3.34% of all dollars awarded would be awarded to DBE consultants. This is represented by the following calculation: $.2145 \times 15.18 = 3.26\%$

Step One Result:

Contractor Availability	5.97%
Consultant Availability	3.26%

Baseline Figure

9.23% relative DBE availability

The results of step one indicate that 9.23% is a valid base figure under current rules and processes for the determination of availability. This has been determined based on the most accurate information available.

Step Two

According to 49 CFR Part 26, step two of the calculation process should examine the evidence available to determine if adjustments are needed in the base figure to arrive at an overall goal. The last Disparity Study conducted for FDOT was dated January 1999 and reviewed data from July 1991 through December 1997. This study conducted by MGT of America recommended “the suspension of current race and gender preference programs” and “the establishment of race and gender neutral programs which assist all small businesses.” The only other evidence that was available to be considered to determine if an adjustment was warranted was the capacity of DBEs measured by the past volume of work performed between 2002 and 2008.

PAST PARTICIPATION

To analyze past performance, FDOT narrowly tailored our review by reviewing the performance of contractors and consultants separately over the past 7 years. In the past seven fiscal years from 2001/2002 thru 2009/2010, DBE contractors performed 3.85%, 4.66%, 6.13%, 6.71%, 5.98%, 6.16%, 5.01%, 4.88% and 6.49% respectively of the Federal-aid work, in dollars. The median past participation over these seven years is 5.98% and the relative availability of DBE contractors as determined in step one is 5.97%. To incorporate past performance, the appropriate adjustment is to average the median past participation (5.98%) and the relative availability (5.97%). This average is 5.975%, which results in an upward adjustment to the relative availability of .005% for contractors.

In the same fiscal years, DBE consultants performed 1.25%, 3.17%, 1.42%, 1.32%, 2.17%, 1.99%, 2.74%, 1.78% respectively, of the Federal-aid work, in dollars. The median past participation over these seven years is 1.99%. The relative availability of DBE consultants as determined in step one is 3.26%. To incorporate past performance, the appropriate adjustment is to average the median past participation (1.99%) and the relative availability (3.26%). This average is 2.625%, which results in a downward adjustment to the relative availability of .635% for consultants.

PAST PARTICIPATION

<u>Fed Fiscal Year</u>	<u>% work by DBE</u>	<u>% DBE Contractors</u>	<u>% DBE Consultants</u>
<u>2001/02</u>	<u>5.10</u>	<u>3.85</u>	<u>1.25</u>
<u>2002/03</u>	<u>7.83</u>	<u>4.66</u>	<u>3.17</u>
<u>2003/04</u>	<u>7.55</u>	<u>6.13</u>	<u>1.42</u>
<u>2004/05</u>	<u>8.03</u>	<u>6.71</u>	<u>1.32</u>
<u>2005/06</u>	<u>8.15</u>	<u>5.98</u>	<u>2.17</u>
<u>2006/07</u>	<u>8.15</u>	<u>6.16</u>	<u>1.99</u>
<u>2007/08</u>	<u>7.75</u>	<u>5.01</u>	<u>2.74</u>
<u>2008/09</u>	<u>8.16</u>	<u>4.88</u>	<u>3.28</u>
<u>2009/10</u>	<u>8.27</u>	<u>6.49</u>	<u>1.78</u>
<u>Median</u>		<u>5.98</u>	<u>1.99</u>

Therefore, the proposed DBE goal is represented by the following calculation:

Baseline Figure:	9.230%
Adjustment for Contractors:	+ .005%
Adjustment for Consultants:	<u>- .635%</u>
Proposed DBE Goal:	8.60%