



**DISTRICT DEPARTMENT OF TRANSPORTATION**

**SOUTH CAPITOL STREET CORRIDOR – PHASE 1  
OVERALL DISADVANTAGED BUSINESS ENTERPRISE (DBE)  
GOAL SETTING REPORT**

**April 1, 2016**

# CONTENTS

I.	INTRODUCTION.....	1
II.	PROPOSED PROJECT GOALS .....	1
III.	OVERALL GOAL-SETTING METHODOLOGY.....	2
IV.	STEP ONE BASE FIGURE CALCULATION .....	4
V.	STEP TWO BASE FIGURE ADJUSTMENT.....	7
VI.	RACE AND GENDER-NEUTRAL GOAL .....	9
VII.	PUBLIC NOTICE OF PROPOSED PROJECT GOALS .....	9

## List of Tables

Table 1: Methods to Determine Base Figure.....	2
Table 2: Washington Metropolitan Statistical Area .....	4
Table 3: NAICS Title and Industry.....	5
Table 4: Design Relative Base Figure.....	6
Table 5: Construction Relative Base Figure .....	6
Table 6: Past DBE Utilization .....	7
Table 7: Past Performance Adjustment Calculation.....	8
Table 8: Adjusted, Weighed DBE Goal.....	8

## ***I. INTRODUCTION***

The District Department of Transportation (DDOT) submits its Disadvantaged Business Enterprise (DBE) Overall Goal Setting Methodology Report for the South Capitol Street Corridor Project – Phase 1 (Project) to the United States Department of Transportation Federal Highway Administration’s Washington, DC Division Office (FHWA-DC) for review and approval. The report has been prepared in compliance with DBE regulations, 49 CFR Part 26.45, as amended, and the General Counsel of the United States Department of Transportation’s *Tips for Goal-Setting* (USDOT Tips).

The regulations require that the overall goal be prepared using a two-step process. According to the US DOT Tips, the recipient must first determine a base figure for the relative availability of certified and non-certified minority and women-owned business enterprises in the relevant market area, hereafter collectively referred to as DBEs. Next, the recipient must examine all relevant evidence to determine what adjustment to the base figure, if any, is needed in order to arrive at an overall goal. The final adjusted figure is the recipient’s overall goal, and represents the proportion of federal transportation funding the recipient is expected to allocate to DBEs during the performance of the Project. Once the adjusted overall goal is determined, the process requires considering what portion of the goal will be met by race and gender-neutral measures.

If a recipient purports it can meet its overall goal with race and gender-neutral measures, those measures must be utilized. In contrast, if the recipient determines it cannot achieve the entire overall goal using only race and gender-neutral measures, it must establish a race and gender-conscious portion of the overall goal.

## ***II. PROPOSED OVERALL GOAL***

Based upon the requirement set forth in 49 CFR Part 26, and the USDOT Tips, the District Department of Transportation is submitting the project goal for the South Capitol Street Corridor Project – Phase 1. The recommended DBE goals for the project are as follows:

Design:	<b>15.32 percent</b>
Construction:	<b>21.64 percent</b>

### ***III. OVERALL GOAL-SETTING METHODOLOGY***

As previously established, the two step goal setting process required by the regulations and the USDOT Tips have been used to determine the overall goals for the Project. The two steps for setting an overall goal are:

- Establishing a base figure for the relative availability of DBEs
- Determining the base figure adjustment

The base figure is intended to be a measurement of the current ready, willing, and able DBEs as a percentage of all ready, willing and able businesses to perform the recipient’s anticipated Project work. The regulations present five options for establishing a base figure for relative availability of DBEs. The five options as set forth in the regulations are shown in Table 1.

Table 1: Methods to Determine Base Figure

<b>BASELINE FIGURE METHOD</b>
Bidders List
DBE Directories and Census Data
Other Recipient’s Base Figure
Disparity Study
Alternative Method

#### 1. Bidders List Method

This method for calculating a base figure requires DDOT to have a comprehensive bidders list which included potential prime contractors and subcontractors classified by industry, ethnicity, and gender. Businesses that submit a bid or quote as a prime contractor for a DDOT contract are recorded on a bidder’s list. This method limits DBE availability to businesses that bid to DDOT as prime contractors. The bidders list does not account for the businesses that bid to prime contractors as subcontractors or suppliers. This limitation can understate the availability of DBEs.

#### 2. DBE Directories and Census Data Method

DDOT through the Office of Civil Rights maintains a comprehensive DBE Directory. In addition, DDOT recognizes through reciprocity the DBE Directory maintained by the Washington Metropolitan Area Transit Authority (WMATA).

Utilizing the databases to determine the DBE availability is limited to those two agencies; however, USDOT Tips requires including businesses that are not certified, but are potential DBEs, to be used in determining availability. The Census Bureau's County Business Pattern (CBP) data are derived from business federal income tax filings, and represent an overall number of firms within a geographical area. While utilizing the CBP cannot address businesses' willingness to do business with DDOT, it does provide sufficient information to determine a base figure of relative DBEs, and is utilized for this report.

### 3. Other Recipients' Base Figure Methods

This method uses the goal of another USDOT recipient as the base figure. DDOT can only use another recipient's goal if the goal-setting is done in accordance with the DBE regulation and DDOT has performed similar contracting in a similar market area. This method presumes that there is another USDOT recipient that does the same or similar type of contracting in the same geographic market area. While other state and government agencies perform work within the metropolitan area, DDOT is primarily the only entity utilizing highway trades. While both the Maryland and Virginia Departments of Transportation operate within the area, these agencies do not contract within the District of Columbia, and as such are not similar enough in the type of work for DDOT to adopt them.

### 4. Disparity Study Methodology

The disparity study is the most comprehensive method for calculation the base figure. A disparity study identifies the businesses that have bid as either a prime or subcontractor, and enumerates DBEs and non-DBEs that are willing and able to work on DDOT contracts. A disparity study has not been conducted DDOT, and therefore cannot be considered.

### 5. Alternative Method

Alternative methods may be used to determine a base figure for the overall goal. Any methodology used to determine a base figure must be based on demonstrable evidence of the local market conditions, and be designated to ultimately attain a goal that is related to the relative availability of DBEs and potential DBEs in the recipient's market area. The alternative method provides the most flexibility, but it is also subject to a higher level of scrutiny.

## IV. STEP ONE BASE FIGURE CALCULATION

The initial phase of the Step One analysis required the complication of critical data regarding the Project. The relevant data considered for the Step One analysis included the following:

- Defining the market area for the Project
- Identifying appropriate NAICS codes for the Project.

### 1. Project Market Area

The relevant market area was determined to specify the geographical area for seeking available businesses. For the project, DDOT determined the Washington Metropolitan Statistical Area (MSA) established by the US Census Bureau to be an accurate representation of the market area. The geographical area of the Washington MSA is presented in Table 2.

Table 2: Washington Metropolitan Statistical Area

District of Columbia, DC
Calvert County, MD
Charles County, MD
Frederick County, MD
Montgomery County, MD
Prince George's County, MD
Alexandria city, VA
Arlington County, VA
Clarke County, VA
Fairfax city, VA
Fairfax County, VA
Falls Church city, VA
Fauquier County, VA
Fredericksburg city, VA
Jefferson County, WV
Loudoun County, VA
Manassas city, VA
Manassas Park city, VA
Prince William County, VA
Spotsylvania County, VA
Stafford County, VA
Warren County, VA

2. Identify appropriate NAICS Codes

Based upon the scope of work for the Project, and the developed US DOT Cost Estimate Review (CER), DDOT identified the associated NAICS Codes. Table 3 presents the identified NAICS code and industry.

Table 3: NAICS Title and Industry

NAICS Code	Industry	Description
541310	Design	Architectural Services
541320		Landscape Architectural Services
541330		Engineering Services
541340		Drafting services
541360		Geophysical Surveying and Mapping Services
541370		Surveying and Mapping (except Geophysical) Services
541380		Testing Laboratories
541611		Administrative Management and General Management Consulting Services
541620		Environmental Consulting Services
541820		Public Relations Agencies
541690		Other Scientific and Technical Consulting Services
237110		Construction
237310	Highway, Street, and Bridge Construction	
237990	Other Heavy and Civil Engineering Construction	
238110	Poured Concrete Foundation and Structure Contractors	
238120	Structural Steel and Precast Concrete Contractors	
238140	Masonry Contractors	
238210	Electrical Contractors and Other Wiring Installation Contractors	
238910	Site Preparation Contractors	
238990	All Other Specialty Trade Contractors	
327320	Ready-Mix Concrete	
423320	Brick, Stone, and Related Construction wholesalers	
484110	General Freight Trucking - Local	

Base Figure Determination

The base figure is intended to be a measurement of the relative percentage of ready, willing, and able businesses that are DBEs. The recipient is required to

measure willing and able businesses in its marketplace, using the best available evidence, to derive a fair and accurate base figure that represents the percentage of available DBEs. According to Section 26.45(c) and USDOT Tips, the overall goal must be based on demonstrable evidence of available ready, willing, and able DBEs relative to all ready, willing, and able non DBEs to participate on the Project.

1. Relative Base Figure

USDOT Tips requires the calculation of the relative base figure by dividing the number of market area DBEs by all market area businesses (DBEs and non-DBEs), which produces a relative base figure of **5.58 percent** for design, and **11.41 percent** for construction as shown in Tables 4 and 5.

Table 4: Design Relative Base Figure

Description	Number of All Firms in MSA (Including DBEs)	Number of DBE's Available in MSA	Relative Availability
Architectural Services	523	32	6.1185%
Landscape Architectural Services	113	21	18.5841%
Engineering Services	1795	121	6.7409%
Drafting services	24	22	91.6667%
Geophysical Surveying and Mapping Services	11	5	45.4545%
Surveying and Mapping (except Geophysical) Services	106	14	13.2075%
Testing Laboratories	84	17	20.2381%
Administrative Management and General Management Consulting Services	4268	170	3.9831%
Environmental Consulting Services	247	28	11.3360%
Public Relations Agencies	814	20	2.4570%
Other Scientific and Technical Consulting Services	880	45	5.1136%
<b>Total:</b>	<b>8865</b>	<b>495</b>	<b>5.5838%</b>

Table 5: Construction Relative Base Figure

Description	Number of All Firms in MSA (Including DBEs)	Number of DBE's Available in MSA	Relative Availability
Water and Sewer Line and Related Structures Construction	128	39	30.4688%
Highway, Street, and Bridge Construction	164	65	39.6341%
Other Heavy and Civil Engineering Construction	50	26	52.0000%
Poured Concrete Foundation and Structure Contractors	286	48	16.7832%
Structural Steel and Precast Concrete Contractors	54	17	31.4815%
Masonry Contractors	348	29	8.3333%
Electrical Contractors and Other Wiring Installation Contractors	1107	44	3.9747%
Site Preparation Contractors	379	45	11.8734%
All Other Specialty Trade Contractors	543	50	9.2081%
Ready-Mix Concrete	56	3	5.3571%
Brick, Stone, and Related Construction wholesalers	35	9	25.7143%
General Freight Trucking - Local	238	14	5.8824%
<b>Total:</b>	<b>3388</b>	<b>389</b>	<b>11.4817%</b>

The relative base figure calculation essentially over counts the number of available DBEs as it assumes that every DBE has equal weight and equal opportunity to perform work on the Project. However, in the practical application of the overall DBE goal, not all DBEs have equal opportunity for participation as opportunity is dependent on the availability of work for each NAICS code. To more accurately reflect the nature and scope of work, the USDOT Tips recommend a weighted calculation of availability. This calculation produces a DBE goal of **13.05 percent** for design, and **18.44 percent** for construction when weighing the relative availability against the estimated project costs.

## V. *STEP TWO BASE FIGURE ADJUSTMENT*

The Step Two base figure adjustment, as recommended in USDOT Tips, requires examining relevant and reliable data in the recipient’s market area to determine if an adjustment to the base figure is warranted. The consideration of an adjustment is intended to account for any impact the relevant factors may have on DBE’s contracting opportunities with DDOT. It was determined that a modest adjustment to the weighted base figures would be made due to past DBE participation.

### Past DBE Utilization

DBE participation, hereafter referred to as utilization, was generated from DDOT’s Uniform Report of DBE awards, commitments and payments. The utilization presented below does not include utilization attained through contract goals. Table 6 details DBE utilization, measured by actual payments on actual contracts completed in fiscal years 2013 – 2015.

Table 6: Past DBE Utilization

Period	Contracted Amount	Awarded DBE Amount	DBE Percentage
FY 2013	\$ 114,262,050.00	\$ 34,324,319.82	30.0400%
FY 2014	\$ 135,534,515.00	\$ 40,836,549.37	30.1300%
FY 2015	\$ 92,230,786.00	\$ 13,960,486.00	15.1365%

**Step Two Adjustment Summary**

DDOT understands the overall DBE goal is to be an aspirational one, which would reflect the level of DBE participation in the absence of discrimination in the marketplace. The regulations provide that a recipient must attempt to set a goal that will best reflect the possibility for maximum DBE participation to remediate past discrimination with a realistic expectation for achievement. After careful consideration of past utilization and considering the potential impacts due to the local hiring preference and project labor agreement, it was determined that a modest adjustment of **3.08 percent** would be applied to both the design and construction DBE goals. This would result in the adjusted, weighted DBE goals below. Tables 7 and 8 show this calculation.

Design:                   **15.32 percent**  
 Construction:           **21.64 percent**

**Table 7: Past Performance Adjustment Calculation**

Period	Contracted Amount	Awarded DBE Amount	DBE Percentage
FY 2013	\$ 114,262,050.00	\$ 34,324,319.82	30.0400%
FY 2014	\$ 135,534,515.00	\$ 40,836,549.37	30.1300%
FY 2015	\$ 92,230,786.00	\$ 13,960,486.00	15.1365%
Median Participation			30.0400%
Combined Weighted Base			17.7400%
Average			23.8900%
Delta (Average - Base)			6.1500%
Adjustment			3.0750%

**Table 8: Adjusted, Weighed DBE Goal**

	Initial Combined Weighted Base (%)	Adjusted Combined Weighted Base (%)	Weighted Ratio	Step Two Adjustment Participation (%)	Adjusted DBE Percentage
Design	17.7400%	20.82%	0.095620915	2.27%	15.32%
Construction			0.904379085	3.20%	21.64%

## ***VI. RACE AND GENDER-NEUTRAL GOAL***

The final requirement of the goal-setting process is to determine the portion of the overall goal that will be achieved by race and gender-neutral means. As required by 49 CFR 26.51, the maximum feasible portion of the overall DBE goal should be achieved using race and gender-neutral means. In examining the FY 2015 data, DDOT determined that 58.55% of the DBE goal was achieved race neutral. As such, DDOT projects it shall meet **8.96 percent** of the design and **12.67 percent** of the construction DBE goals through race and gender-neutral measures.

## ***VII. PUBLIC NOTICE OF PROPOSED GOALS***

In accordance with 49 CFR 26.45(g), DDOT will provide an opportunity for public participation in establishing its overall DBE goal. This notification process will have two objectives:

- To provide public notice of the proposed overall goal by making the goal setting methodology and rationale available for public inspection.
- To consult with minority, women and general contractor groups; community organizations; and other officials that could be expected to have information concerning DBE and non-DBE availability, the effects of discrimination of opportunities for DBEs, and DDOT's efforts to establish a level playing field for the participation of DBEs.

To this end, a public notice of the proposed goal will be published for general circulation media, minority-focused media, trade association publications, and on the website at [www.ddot.dc.gov](http://www.ddot.dc.gov).

Additionally, DDOT will hold a public hearing April 14, 2016 to present this report and to receive public input. The meeting will be held at DDOT Headquarters in Room 439. It is anticipated that public comments will be accepted for 15 days following the public hearing. This report will be made available for inspection during normal business hours at DDOT Headquarters for 30 days from the date of the public notice, and DDOT will submit a summary of all comments received during the comment period to FHWA-DC.