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Idaho Transportation Department (ITD)

Overall Disadvantaged Business Enterprise Triennial Goal for the Federal Transit Administration PROPOSED

Federal Fiscal Years 2020-2022

I. Introduction

The Idaho Transportation Department submits this report on its proposed Disadvantaged Business Enterprise (DBE) triennial goal, and methods used to calculate that goal, to the Federal Transit Administration (FTA) for review in accordance with 49 CFR Part 26, section 26.45.

This submission covers Federal Fiscal Years (FFY) 2020-2022 and supports the overall goal of 2.89%. ITD will satisfy the overall goal by maintaining a race-neutral overall goal of 2.89%.

ITD's goal methodology consists of the following:

Step 1: Establishing the base figure for the relative availability of DBEs and

Step 2: Adjusting the base figure based upon a number of factors including past participation.

ITD contracted with BBC Research & Consulting (BBC) in 2016 to produce a disparity study. ITD used the 2017 Disparity Study (Study) to complete the FFY18-20 DBE Methodology. In November 2020, ITD contracted with BBC to assist in developing the FFY20-22 DBE Methodology. The base figure was determined based on the proposed ITD FTA funded projects for FY20-22. BBC conducted the Step 1 analysis and worked with the ITD Office of Civil Rights (OCR) to determine the Step 2 adjustment. The data and results are discussed below.

Background

In setting the overall DBE goal, the USDOT requires 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 USDOT-assisted contracts. In particular, recipients must follow the USDOT's two-step methodology for goal setting to determine the level of DBE participation they expect absent the effects of discrimination:

Step 1 – Compute the base figure using data from one of the following options set out in 49 CFR 26.45(c) to determine relative availability:

1. DBE Directories and Census Bureau Data;
2. Bidders List;
3. Disparity Study Data;
4. Goal of another DOT; or
5. Other Alternatives based on demonstrable evidence of local market conditions

Step 2 – Adjust the base figure to make it as precise as possible utilizing the guidelines established in 49 CFR Part 26.45 and *Tips for Goal-Setting*.

In establishing this goal, ITD is also required to do the following:

1. Specify the relevant market area used for the calculation;
2. Project the portions of the overall goal it expects to be met through RN and RC measures, respectively (see 49 CFR Part 26.51); and
3. Provide for public participation in the establishment of the overall goal.

II. Step One Base Figure

After considering the options provided under 49 CFR 26.45(c), ITD used the following two options:

- Option 1: This allows a recipient to use the DBE Directory and US Census Bureau data to assess availability. The 2017 Disparity Study nor the FFY18-20 DBE methodology evaluated transit operations contract dollars for DBE availability. For the FFY20-22 methodology, it was determined transit operations contract dollars must be evaluated. It was determined option one was best for assessing DBE availability for transit operations contact dollars.
- Option 3: This allows a recipient to use a percentage figure derived from a valid, applicable disparity study to determine the base figure of DBE relative availability. There have not been significant changes in the market since the 2017 Disparity Study hence why BBC and ITD used DBE relative availability from the Study for construction and professional agreements.

BBC's recent analysis for calculating the FFY20-22 DBE methodology included review of the following data:

- ITD FFY20-22 Proposed Federal Transit Projects (see attached excel document)
- FFY17-19 DBE Uniform Reports
- April 2017 Disparity Study: DBE relative availability of minority- and women-owned businesses as noted in Chapter 5 of the study.

As mentioned previously, the contracting and DBE market have not seen significant changes since the April 2017 Disparity Study hence BBC and ITD opted to use the availability data from the 2017 study. The DBE availability baseline percentage in the 2017 Disparity Study is based on actual federal contracts awarded from 2011 to 2015 and DBE availability based on the contracting opportunities. Whereas, the recent BBC analysis specifically looks at proposed federal projects between FFY20-22 and DBE availability based on contracting opportunities for agreements, construction, and transit operations. The difference in DBE availability between the April 2017 Disparity Study and the most recent DBE analysis is due to the different category, size, type, and location of the proposed federal projects for FFY20-22.

Relevant Geographic Market Area and Relevant Types of Work: The relevant geographic market area and relevant types of work have remained the same as noted in the 2017 Disparity Study. BBC's 2017 analysis showed that 90% of ITD's construction and consulting dollars during the study period went to businesses located in Idaho; Asotin County, Washington; and Spokane County, Washington; indicating that Idaho, Asotin County, and Spokane County should be considered the relevant geographic market area for the study (see Chapter 4).

Base Figure Determination: In order to determine the base figure ITD and BBC looked at contract dollars by year and type for the study period of FFY20-22 (see Table 1). There were four contract categories initially identified: professional agreements, construction contracts, transit operations contracts, and bus purchases. Of the four contract categories, the bus

purchase category was not considered in our DBE goal setting process as bus purchases fall under Transit Vehicle Manufacturers (TVMs).

Table 1: Contract dollar by year and type

Year	Design Dollars	Contracting Dollars	Transit Operation Dollars
2020	\$120,000	\$205,000	\$19,604,000
2021	\$120,000	\$205,000	\$19,604,000
2022	\$120,000	\$205,000	\$19,604,000
Total	\$360,000	\$615,000	\$58,812,000

In Table 2, ITD and BBC provided a breakdown of the relative availability and dollar-weighted percentage of current and potential DBEs within the prime contractor and subcontractor categories. For contracting and design contracts, BBC used information from the 2017 disparity study. Transit operations contracts were not included in the 2017 study. As a result, ITD and BBC calculated the availability for transit operations contracts and subcontracts using information from the U.S. Census Bureau’s County Business Patterns and the ITD certification database. Using a dollar weighted average, ITD identified a 1.70% base figure from relative availability of current and potential DBEs calculated on a dollar-weighted basis (see Table 2).

Table 2: MWBE Availability

Contract Type	Dollars (in Thousands)	MWBE Availability Percentage
Transit Operations	\$58,812	1.5%
Contracting	\$615	16.6%
Design	\$360	8.0%
Total	\$59,787	1.7%

DBE Availability. BBC and ITD identified construction and professional services contracts that were funded by FTA grants analyzed in the 2017 disparity study. Based on BBC’s custom census availability study, BBC calculated a dollar-weighted availability for potential DBEs on those contracts. The analysis included a contract-by-contract analysis of availability using BBC’s database of available firms. For construction contracts, BBC estimated a dollar-weighted availability for potential DBEs of 16.6 percent. For professional services contracts, BBC’s availability estimate was 8.0 percent. For more information on BBC’s availability analysis and approach, please see Chapter 5 and Appendix C of the 2017 Disparity Study (https://apps.itd.idaho.gov/apps/ocr/documents/2016_ITD_DISPARITY_STUDY_FINAL.pdf).

For Transit Operations contracts, ITD reviewed past contracts and discussed potential contract opportunities with ITD Public Transportation staff and local agencies. Based on the ITD DBE database, there were no DBE prime contractors available for those opportunities. ITD staff estimates that a small portion (about 15 percent) of the contracts will be used for subcontracting, mainly in the areas of advertising agencies, outdoor advertising, and printing. ITD found potential DBEs for those industries in the DBE database and compared the number of DBEs to the total number of establishments in Idaho according to the United State Census Bureau’s County Business Pattern (CBP) data. As shown in Table 3, availability for those three contracting areas is approximately 10 percent.

Table 3: Transit Operations Availability

Subcontracting area	DBE Firms	Total Idaho Firms	Availability Percentage
Advertising agencies	7	57	12.3%
Outdoor advertising	1	6	16.7%
Commercial printing	1	81	1.2%
		Average	10.1%

III. Step 2 Adjustment

Consideration of Possible Step-2 Adjustments. The DBE Program regulations require that after the base figure is calculated, ITD must consider available evidence to determine whether the figure should be adjusted higher or lower than the base figure (step 2 adjustment).

The proposed adjustment reflects the current capacity of DBEs to perform work, as measured by the volume of work DBEs have performed in recent years. The base figure of 1.70% should be achievable based on the previous 3-year DBE APG achievement rates.

We considered a step 2 upward adjustment based on the current capacity of DBE firms and the 3-year median percentage of the DBE APG for FFY17-19 (see Table 5 below). The DBE APG for FFY18-20 was set at 13%. As noted in Table 5 ITD did not achieve the 13% APG. Table 4 below identifies the formula used for calculating the Step 2 adjustment and the proposed DBE APG for FFY20-22.

Table 4: Step 2 Adjustment Formula

Formula	FFY20-22 Calculation	Proposed FFY20-22 APG
Base Figure + 3 year median APG = Total / 2 = Proposed DBE APG	$1.70 + 4.09 = 5.79 / 2 = 2.89$	2.89%

Table 5: Participation by year

Year	Achieved DBE %
2017	2.12%
2018	7.08%
2019	4.09%
Median Percentage:	4.09%

Race/Gender-Neutral, Race/Gender-Conscious Projections. DBE Program regulations require the maximum feasible portion of the DBE overall goal be met through race neutral measures. When the projected portion of the goal using race neutral (RN) measures is less than the overall annual goal, the remaining portion is expected to be achieved by establishing contract goals on select projects that have subcontracting opportunities, i.e., RC measures. ITD anticipates meeting the 2.89% DBE APG through RN participation. Moving forward, the Office of Civil Rights (OCR) DBE Program will actively work with internal agency staff, FTA funded project awardees, and DBE firms on potential DBE opportunities on federal funded projects. In addition, OCR will be scheduling yearly check-in's with FTA to ensure we are on target to meet the RN 2.89% APG.

Table 6: DBE Annual Participation

APG FFY20-22	2.89%
Race Neutral Portion	2.89%
Race Conscious Portion	0.0%

DBE Groups Eligible to Meet Contract Goals. ITD proposes that all DBE groups will be eligible to participate in meeting any goals assigned on FTA-funded contracts in federal fiscal years 2020 through 2021.

III. Final Adjusted Goal

The recommended DBE goal for FY20-22 is 2.89%. ITD anticipates it will meet the 2.89% through race-neutral measures.

As required by FTA, sub-recipients of transit federal pass-through funds are required to adopt ITD's federally approved DBE program. As part of the requirement, sub-recipients must adopt ITD's methods to establish the DBE goal and are required to report DBE awards, commitments, and payments.

It should be noted that ITD's overall DBE goal provides for the participation of all certified DBEs.

V. Public Participation: Review and Comment

Consultation: ITD provided consultation outreach to DBE Firms and the previous 3-year FTA awardees regarding the proposed DBE APG of 2.89%. We requested consultation input from November 30 thru December 8, 2020.

Stakeholder/Public Comment Opportunity: Details on the proposed DBE APG can be found on ITD's home page and the Office of Civil Rights webpage. ITD's Communication Program posted information on agency social media sites. An email with a link to the proposed DBE methodology and information on the virtual meeting will be emailed to stakeholders.

One statewide stakeholder meeting will be held on Thursday, December 10, 2020 from 4:00pm (MST) – 5:30pm (MST). Interested individuals are encouraged to provide comment and ask questions during the web-based stakeholder meeting. The public comment period runs from December 7, 2020 thru January 7, 2021. Stakeholders are encouraged to submit official comments via email to civilrights@itd.idaho.gov or through regular mail to ITD Office of Civil Rights, PO Box 7129, Boise, ID 83707-1129.