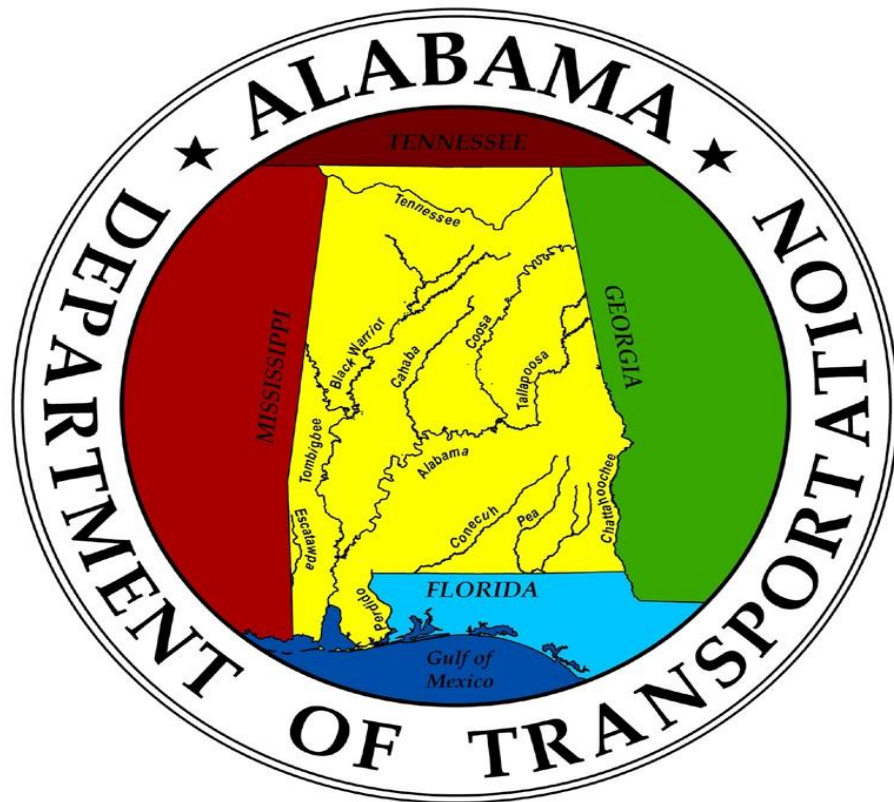


Alabama Department of Transportation

Disadvantaged Business Enterprise (DBE) Program



FEDERAL TRANSIT ADMINISTRATION PROPOSED DBE GOAL SETTING METHODOLOGY

Federal Fiscal Years 2020 through 2022

**ALABAMA DEPARTMENT OF TRANSPORTATION
Disadvantaged Business Enterprise (DBE) Program
Federal Transit Administration (FTA) DBE Goal
for Federal Fiscal Years 2020 through 2022**

DBE GOAL SETTING METHODOLOGY

The Alabama Department of Transportation (ALDOT), as a recipient of the 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. ALDOT has developed its DBE goal and goal-setting methodology in accordance with Title 49 Code of Federal Regulations Part 26, Section 26.45 and the guidance set forth in the Tips for Goal-Setting in the Disadvantaged Business Enterprise Program published by the U.S. Department of Transportation Office of Small and Disadvantaged Business Utilization. While ALDOT's DBE goal methodology is established every three years, ALDOT conducts interim reviews or mid-course "inline adjustments" annually to assess market conditions and to ensure that its goal remains defensible.

To comply with 49 CFR 26.45, ALDOT established an overall goal based on the availability of ready, willing and able DBEs relative to the availability of all ready, willing and able firms within the State of Alabama who are interested in ALDOT's project opportunities. ALDOT's proposed overall Federal Transit Administration (FTA) goal for federal fiscal years 2020-2022 is 1.9%. The 1.9% overall DBE goal is expected to be met through race neutral means.

ALDOT's DBE goal will be passed down to its subrecipients across the state. This DBE goal is applicable to those contracting opportunities made available through the use of funds provided by the following FTA programs: Section 5307 Small Urban Area Formula, Section 5311 Non-urbanized Area Formula, Section 5310 Enhance Mobility for Seniors and Individuals with Disabilities, Section 5317 New Freedom, and Section 5339.

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 these FTA assisted contracts. To establish the overall goal, ALDOT used the following two-step goal setting methodology specified in 49 CFR Section 26.45(c):

- ❖ Step 1: Develop a base figure for relative availability of DBEs
- ❖ Step 2: Adjust base figure, as needed, to arrive at an overall goal

STEP ONE – DEVELOP A BASE FIGURE

Before beginning the base figure calculation, ALDOT determined the relevant market area for the analysis. As defined by the USDOT Goal Setting Tips, the local market area is the area in which the substantial majority of the contractors and subcontractors with which ALDOT and its grant partners do business are located and the area in which ALDOT and its grant partners spend the substantial majority of its contracting dollars. ALDOT has determined that the following counties are the relevant local market area: Baldwin, Calhoun, Cherokee, Clarke, Clay, Conecuh, Coosa, Cleburne, Dale, Geneva, Henry, Houston, Lee, Monroe, Talladega and Wilcox. ALDOT's boundaries of its local market area was determined by the areas where the majority of contracting dollars were spent, as well as the location of the substantial majority of the contractors and subcontractors in which business contracting was conducted. The local market area was specified by counties. ALDOT also determined that different projects have different market areas.

Step One of the DBE goal setting methodology is to determine the base figure for the relative availability of DBEs to perform the types of contracts that are intended to be let during the three-year period. The base figure is the percentage DBEs represent of all firms that are ready, willing, and able to compete for FTA-assisted contracts. This percentage is calculated by dividing the number of DBEs ready, willing, and able to bid on these contracts by the number of all firms (DBEs and non-DBEs) that are ready, willing, and able to perform the work. This ratio, expressed as a fraction, is as follows:

$$\text{Step One Base Figure} = \frac{\text{Ready, willing, and able DBEs}}{\text{All firms Ready, Willing and Able (including DBEs \& non-DBEs)}}$$

ALDOT utilized the number of DBEs in its Directory of FTA Certified Firms as its numerator. The denominator was determined by the total number of identifiable firms in the U.S. Census Bureau's 2016 County Business Patterns for Alabama. This practice is consistent with Federal guidance to use the most refined data available when using census and other data organized by NAICS codes.

Note that those DBE firms included in the ALDOT Directory of FTA Certified Firms that are not engaged in the type of business to be utilized by the ALDOT Local Transportation Bureau and its subrecipients during FFYs 2020-2022 are not included in the total number of DBEs for the purpose of this calculation. A total of 235 DBEs comprised the numerator, and 13,631 establishments comprised the denominator. ALDOT utilized the NAICS codes and related disciplines in the determination of the numerator and denominator as illustrated in Table 1. Note that the same NAICS codes associated with the DBE establishments comprising the numerator were also used to determine the number of establishments for the denominator. Please also note that ALDOT experienced an increase of ready, willing and able DBEs from 199 in the earlier period to 235 as of this submission. This increase of DBEs now gives ALDOT a wider pool to access for participation.

ALDOT does not engage in or let any prime or subcontracts. ALDOT’s proposed DBE Goal accomplishment is solely dependent on pass-through of FTA’s Federal Financial Assistance to Sub-Recipients in order to meet overall DBE goal requirements. As such, ALDOT will not directly be letting any contracts for the upcoming DBE Goal Triennial Years for 2020 through 2022.

ALDOT has identified two (2) subrecipients that have subcontracting opportunities. These subcontracting opportunities include ClasTran which subcontracts 5311 services (purchased transportation) in Jefferson, Shelby, and Walker Counties. Additionally, East Alabama Regional Planning & Development Commission also provides section 5311 services in Calhoun, Cherokee, Clay, Cleburne, and Talladega Counties, and 5307 services in Anniston, Alabama.

ALDOT has identified subrecipients contracting opportunities. Please see Table 1 below which list each of the relevant North American Industry Classification codes, the available categories of work, the number of Alabama Certified DBEs firm and a listing of all non-DBE from the U.S. Census Bureau’s 2016 County Business Patterns for Alabama.

Table 1: Relative Availability of DBEs by NAICS Code

NAICS CODES	NAICS INDUSTRY DESCRIPTION	DBEs	DBEs & NON-DBEs
323111	Commercial Printing	1	212
423130	Tire & Tube Merchant Wholesalers	1	58
423420	Office Equipment Merchant Wholesalers	1	106
423840	Industrial Supplies Merchant Wholesalers	5	154
423860	Transportation Equipment & Supplies	7	27
424720	Petroleum & Petroleum Product Merchant Wholesalers	2	51
424990	Other Miscellaneous Nondurable Goods Merchant Wholesaler	0	80
442110	Furniture Stores	1	479
443142	Electronics Stores	0	388
485210	Interurban & Rural Bus Transportation	1	4
485310	Taxi Service	0	14
485991	Special Needs Transportation	5	22
485999	All Other Transit & Ground Passenger Transportation	2	14
488410	Motor Vehicle Towing	5	120
517110	Wired Telecommunications Carriers	1	560
517919	Other Telecommunications	0	47
524210	Insurance Agencies & Brokerages	0	1658
531210	Offices of Real Estate Agents & Brokers	7	979
532111	Passenger Car Rental	0	127
541110	Offices of Lawyers	3	2429
541211	Offices of Certified Public Accountants	2	728
541213	Tax preparation services	1	436
541214	Payroll Services	1	57
541611	Admin. Management & General Management Consulting Services	43	530
541613	Marketing Consulting Services	4	199
541810	Advertising agencies	2	113
541890	Other Services Related to Advertising	2	85

561110	Office Administrative Services	17	226
561311	Employment Placement Agencies	1	53
561320	Temporary Help Services	7	524
561621	Security systems services (except locksmiths)	3	114
561720	Janitorial Services	26	641
561730	Landscaping Services	54	1112
561790	Other Services to Buildings & Dwellings	7	117
561990	All Support services	3	127
611420	Computer Training	0	3
611430	Professional & Management Development Training	15	47
722320	Caterers	0	112
811111	General Automotive Repair	5	878
TOTAL		235	13,631

Using the data collected and indicated in Table 1 above, ALDOT resulted in a base figure estimate of the relative availability of DBEs for public transit contracts to be 1.72 percent.

$$\frac{235 \text{ Certified DBEs}}{13,631 \text{ DBEs and Non-DBEs}} = 1.72\%$$

STEP TWO – ADJUSTING THE BASE FIGURE

Step Two requires that ALDOT examine all evidence in its jurisdiction to determine what adjustment, if any, is needed to the base figure to determine a final overall goal. The following factors must be considered in making this adjustment if there are relevant and reliable data available:

- Past DBE participation;
- Evidence from disparity studies conducted in the market area;
- Statistical disparities in the ability of DBEs to obtain financing, bonding and insurance;
- Data on employment, self-employment, education and training, union apprenticeship programs; and
- Any other data that would help to better measure the percentage of work that DBEs would be likely to obtain in the absence of discrimination.

1. Past DBE Participation

For adjusting the base figure, all evidence available in the marketplace was examined to determine what adjustments, if any, were needed to the base figure in order to arrive at the overall DBE participation goal: The following evidence was considered:

Years	Goal	Committed/Awarded
2018	1.8%	2.0%
2017	1.8%	2.0%
2016	3.6%	2.0%

Years	Low to High
2016	2.0%
2017	2.0%
2018	2.0%

Past DBE participation was measured by determining the median participation percentage. For FFYs 2016-2018, DBEs received ALDOT's Local Transportation Bureau and subrecipient contracting opportunities at a median level of two percent. Therefore, the estimated current capacity of certified DBE firms to perform work for ALDOT and its subrecipients is two percent.

Adjustment of the base figure based on past DBE participation was determined by calculating the average of the base figure (1.72 percent) and the median past participation level (2 percent).

2. Evidence from disparity studies conducted in the market area

Currently, there are no state or local disparity studies of the types of contracts involved in FTA-assisted contracts.

3. Statistical disparities in the ability of DBEs to obtain financing, bonding and insurance

ALDOT has no relevant data indicating that the ability of DBEs to develop and compete for FTA-assisted contracts are compromised by the availability of financing, bonding, and insurance.

4. Additional data for consideration

Research resulted in no relevant data regarding employment, self-employment, education and training, union apprenticeship programs, etc. that would provide a better measurement of work that DBEs may obtain in the absence of discrimination.

DBE CERTIFICATION VOLUME

The ALDOT Construction Bureau responsible for administering the DBE Program indicated that the number of certified DBEs increased from 2016 to 2018. As anticipated, this number has increased slightly, and they anticipate this trend to continue. Therefore, no additional adjustment to the goal will be needed based on DBE certification volume currently. Note that the ALDOT Construction Bureau was also consulted regarding Sections 2-4 above.

GOAL DETERMINATION

It was determined that there is no additional relevant data that would necessitate further adjustment of the base figure beyond the previous adjustment made based on past DBE participation. As a result, **ALDOT has established a DBE participation goal of 1.9 percent for the ALDOT Local Transportation Bureau and its subrecipients of FTA-assisted contracts (exclusive of FTA funds to be used for the purchase of transit vehicles) for the three forthcoming years.** Pursuant to prescribed Federal methodologies, the proposed DBE overall goal of 1.9 percent for FTA-assisted contracts is based upon ALDOT's assessment of FTA-assisted contracting activity for FY 2020 through FY 2022, a review of U.S. Census and other data sources concerning the availability of DBEs in the industries and geographical markets relevant to ALDOT and its subrecipients' contracting opportunities, and the projected availability of ready, willing, and able DBEs to participate in the contracting activity.

ANTICIPATED DBE CONTRACTING OPPORTUNITIES

Based on the history of goods and services purchased by ALDOT and its subrecipients and past DBE participation, ALDOT has determined that the businesses offering the types of goods and services noted below are provided the most favorable opportunity to participate in future FTA-assisted contracts:

- Insurance
- Fuel/oil
- Shop tools
- Tires
- Vehicle repair/maintenance
- Towing
- Office machine rental/purchase/maintenance
- Building repair/maintenance
- Building rental
- Furniture
- Computer software
- Advertising/Marketing
- Temporary labor
- Supplies
- Printing
- Communication service/equipment
- Staff training
- Legal
- Auditing/accounting/bookkeeping
- Internet
- Transportation services
- Safety equipment
- Professional Services
- Janitorial
- Security
- Landscaping
- Transportation Equipment

For the purpose of this submission, funds were made available through Section 5307 Small Urban Area Formula Program, Section 5311 Non-urbanized Area Formula Program, and Section 5317 New Freedom Program, Section 5339.

Based on the previous contract dollars awarded, it has been projected that for FFYs 2020-2022 there will be contracting opportunities totaling approximately \$72,303,553 in Sections 5307, 5311, 5317 and 5339 funding. Assuming the stated DBE goal of 1.9 percent is attained, this would result in nearly \$1,373,768 in goods and services being procured from DBEs by ALDOT and its subrecipients across the state during this three-year period.

RACE-NEUTRAL AND RACE-CONSCIOUS PARTICIPATION

For the period of FFYs 2017-2019, ALDOT and its subrecipients achieved a median race-neutral DBE participation level of two percent. ALDOT has historically established its DBE goals through race-neutral means. Although ALDOT has not met its DBE participation goals over the previous period, it has established and submitted DBE goal shortfall analysis to FTA and endeavors to meet and exceed DBE goals going forward through race-neutral means. As addressed above, there are no disparity studies that would provide adequate data to determine specific race-conscious goals. Therefore, it is anticipated that **ALDOT will meet its FFYs 2020-2022 DBE participation goal of 1.9 percent solely through race-neutral measures.** In an effort to achieve this goal, ALDOT will undertake the following activities to enhance race-neutral participation:

- Assist subrecipients in the identification of potential contracting opportunities in their budgets and goal setting;
- Assist subrecipients in locating suitable and certified DBEs in their contracting areas and statewide;
- Provide technical assistance to potential DBEs during the certification process;
- Maintain and update a directory of ALDOT certified DBEs and disseminate these to the subrecipients; and
- Utilize an electronic quote-submitting procedure for subcontractors, which will generate more contracting opportunities for DBEs and non-DBEs.

PUBLIC PARTICIPATION

ALDOT recognizes the importance of public participation in the DBE goal establishment process as required by 49 CFR 26.45 (g) (1). ALDOT posted the preliminary DBE goal on the ALDOT's website and the goal was made available for public inspection at ALDOT headquarters during normal business hours.

ALDOT sent emails to DBE firms listed in the current certified DBE directory maintained by ALDOT. The emails advised the firms of the proposed DBE and included an invitation for comments and attendance at the DBE goal setting meeting. In addition, ALDOT sent this information to the Alabama Chamber of Commerce and placed it on ALDOT's website: <https://www.dot.state.al.us/ltweb/transit/index.html>.

A DBE goal setting public meeting was held on July 23, 2019 at the ALDOT Local Transportation Bureau Conference Room in Montgomery, Alabama. Handouts for the meeting included a copy of the goal methodology and a contact list of ALDOT subrecipients. ALDOT explained how it derived at the goal and an opportunity was provided for attendees to provide input and comments regarding the FFYs 2020-2022 DBE goal. Minutes from the meeting and other related documentation are included herewith.

Public Notice
Disadvantaged Business Enterprise (DBE) Program
Federal Transit Administration (FTA) Goal for FFYs 2020-2022

The Alabama Department of Transportation (ALDOT) Transportation hereby announces the proposed FTA DBE Goal of 1.9% for Federal Fiscal Years 2020–2022. It is anticipated that ALDOT will meet its participation goal of 1.9% solely through race neutral measures. A description of the methodology and goal are available at ALDOT for review during regular business hours for 30 days from the date of this notice and available on ALDOT’s website: <https://www.dot.state.al.us/ltweb/transit/index.html> under the General Links and Documents section.

Public comments on the goal will be accepted up to 30 days following the date of this notice. A DBE Consultation Meeting will be held at **2:00 p.m. on July 23, 2019** at the ALDOT, Local Transportation Bureau, 1409 Coliseum Blvd, Montgomery, AL 36110. Minority businesses, women, organizations, general contractor groups, and other interested persons or groups are encouraged to participate in the consultation process. Additional meetings and venues will be scheduled on request.

If you have questions or comments concerning the DBE goal setting methodology, or if information is needed in another language or alternative format, contact Wiley Brooks by mail at the address listed above, by telephone at (334) 242-6767, or by email at brookswi@dot.state.al.us. Questions or comments may also be provided to Ms. Doretha Foster, Acting Civil Rights Officer, Federal Transit Administration Region IV, 230 Peachtree Street NW, Suite 1400, Atlanta, GA 30303, (404) 865-6339.

Provided no changes are warranted at the conclusion of this process, this goal shall become final. In accordance with federal regulations, should there be significant changes in contracting opportunities during the three-year period, ALDOT will amend the goal to accurately reflect contracting opportunities for the applicable period(s).