

**ALABAMA DEPARTMENT OF TRANSPORTATION**  
**MODAL PROGRAMS BUREAU**  
**FEDERAL FISCAL YEARS 2017-2019 DBE GOAL SETTING METHODOLOGY**  
**FEDERAL TRANSIT ADMINISTRATION FUNDING**

**INTRODUCTION**

Pursuant to the requirements of 49 CFR Part 26, the Alabama Department of Transportation (ALDOT), Modal Programs Bureau, as a designated recipient of Federal funds from the Federal Transit Administration (FTA), must comply with the Disadvantaged Business Enterprise (DBE) goal setting provisions for its Federally-assisted transit contracts. The United States Department of Transportation (USDOT) has issued a new rule for the implementation and management of the DBE program which requires the submission of a three-year DBE goal and goal setting methodology. The new rule was effective as of March 3, 2010. Therefore, ALDOT submits this DBE goal and methodology to FTA for Federal fiscal years (FFYs) 2017, 2018, and 2019. The Department followed the goal-setting guidance provided regarding the implementation of the regulations.

The goal identifies the relative availability of DBEs based on evidence of ready, willing, and able DBEs in relationship to all comparable businesses which are known to be available to compete for ALDOT's USDOT-assisted contracts. USDOT regulations require a two-step process for establishing the transit DBE goal that reflects the level of DBE participation expected on ALDOT's contracts in the absence of discrimination. The first step is the calculation of a base figure for the relative availability of DBEs. The second step requires consideration of a possible adjustment of the base figure to reflect the effects of the DBE program and the level of participation that would be expected absent the effects of past and current discrimination against DBEs.

The Department's 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 5311 Non-urbanized Area Formula Program, Section 5316 Job Access and Reverse Commute Program, Section 5317 New Freedom Program, Section 5339.

Pursuant to Federal regulations, should there be significant changes in contracting opportunities during the three-year period then ALDOT will amend and/or adjust the goal to accurately reflect contracting opportunities for the period.

## GOAL SETTING METHODOLOGY

### **Step One – DBE Relative Availability (Base Figure)**

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:

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

ALDOT utilized the number of DBEs in its Directory of FTA Certified Firms (updated June 2016) as its numerator. The denominator was determined by the total number of identifiable firms in the U.S. Census Bureau's 2014 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 Modal Programs Bureau and its subrecipients during FFYs 2017-2019 are not included in the total number of DBEs for the purpose of this calculation. A total of 199 DBEs comprised the numerator, and 13,356 establishments comprised the denominator. ALDOT utilized the NAICS codes and related disciplines in the determination of the numerator and denominator as illustrated in Exhibit 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 176 in the earlier period to 199 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 2017 through 2019.

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 2014 County Business Patterns for Alabama.

**Table 1: Relative Availability of DBEs by Categories of Work & Available Contract Dollars**

NAICS CODES	NAICS INDUSTRY DESCRIPTION	DBEs	NON-DBEs & DBEs	CONTRACT DOLLARS AVAILABLE
323111	Commercial Printing	1	223	1,238.00
423130	Tire & Tube Merchant Wholesalers	1	58	109,325.55
423420	Office Equipment Merchant Wholesalers	1	114	9,808.00
423840	Industrial Supplies Merchant Wholesalers	6	149	0.00
423860	Transportation Equipment & Supplies	5	30	0.00
424720	Petroleum & Petroleum Product Merchant Wholesalers	5	48	0.00
424990	Other Miscellaneous Nondurable Goods Merchant Wholesaler	1	90	0.00
442110	Furniture Stores	0	484	0.00
443142	Electronics Stores	0	556	0.00
485210	Interurban & Rural Bus Transportation	0	3	0.00
485310	Taxi Service	1	14	0.00
485991	Special Needs Transportation	8	20	0.00
485999	All Other Transit & Ground Passenger Transportation	4	14	0.00
488410	Motor Vehicle Towing	2	114	16,919.00
517110	Wired Telecommunications Carriers	2	531	127,187.00
517919	Other Telecommunications	1	33	0.00
524210	Insurance Agencies & Brokerages	3	1,631	0.00
531210	Offices of Real Estate Agents & Brokers	5	841	0.00
532111	Passenger Car Rental	1	129	0.00
541110	Offices of Lawyers	2	2,463	0.00
541211	Offices of Certified Public Accountants	2	736	0.00
541213	Tax preparation services	1	432	0.00
541214	Payroll Services	1	52	0.00
541611	Admin. Management & General Management Consulting Services	33	513	0.00
541613	Marketing Consulting Services	11	167	0.00
541810	Advertising agencies	4	116	25,274.00
541890	Other Services Related to Advertising	1	84	2,014.00
561110	Office Administrative Services	10	230	0.00
561311	Employment Placement Agencies	2	69	0.00
561320	Temporary Help Services	12	428	0.00
561621	Security systems services (except locksmiths)	4	124	0.00
561720	Janitorial Services	13	601	0.00
561730	Landscaping Services	24	1,025	0.00
561790	Other Services to Buildings & Dwellings	4	97	12,476.00
561990	All Support services	8	124	0.00
611420	Computer Training	4	8	0.00
611430	Professional & Management Development Training	13	47	0.00
722320	Caterers	0	96	0.00
811111	General Automotive Repair	3	862	856,656.64
<b>TOTAL</b>		<b>199</b>	<b>13356</b>	<b>1,160,898.19</b>

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 1.49 percent.

$$\frac{199 \text{ Certified DBEs}}{13,356 \text{ DBEs and Non-DBEs}} = 1.49\%$$

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 Two – Adjustment to 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**

ALDOT considered the capacity of DBEs to perform work on its FTA-assisted contracts during FFYs 14-15, as measured by the volume of work DBEs have received in recent years. The following indicates DBE participation by fiscal year from 2011 through 2015:

- 2011 – 6.0 percent
- 2012 – 3.0 percent
- 2013 – 1.5 percent
- 2014 – 1.3 percent
- 2015 – 2.0 percent

Past DBE participation was measured by determining the median participation percentage. For FFYs 2011–2015, DBEs received ALDOT's Modal Programs 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 (1.49 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 Bureau of Compliance and Business Opportunities responsible for administering the department’s DBE Program indicated that the number of certified DBEs increased from 2013 to 2014. From 2014 to 2016, the number of certified DBEs 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 Bureau of Compliance and Business Opportunities 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 1.8 percent for the ALDOT Modal Programs 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 1.8 percent for FTA-assisted contracts is based upon ALDOT’s assessment of FTA-assisted contracting activity for FY 2017 through FY 2019, 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 5311 Non-urbanized Area Formula Program, Section 5316 Job Access and Reverse Commute Program and Section 5317 New Freedom Program, Section 5339.

Based on the previous contract dollars awarded, it has been projected that for FFYs 2017-2019 there will be contracting opportunities totaling approximately \$73,637,518 in Sections 5311, 5316, 5317 and 5339 funding. Assuming the stated DBE goal of 1.8 percent is attained, this would result in nearly \$1,325,475 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 2011–2015, 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 2017-2019 DBE participation goal of 1.8 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.

Additionally, ALDOT published the proposed overall goal and a notice of the required goal development consultation meeting in newspapers throughout the state, including those catering to minority audiences. The proposed goal and methodology used to determine the goal are available for review at ALDOT during normal business hours for a 30-day period and public comments on the goal will be accepted over that time period. The public notice was published in the following newspapers across the State.

- Montgomery Advertiser
- Mobile Press-Register
- Birmingham News
- Huntsville Times
- Tuskegee News
- Alabama Messenger
- Tuscaloosa News

ALDOT sent letters to DBE firms listed in the current certified DBE listing maintained by ALDOT providing notice of the same information included in the newspaper publications as referenced above. The letters 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>. The letters included the proposed DBE goal and methodology, in addition to an invitation for comments and attendance at the goal setting meeting.

A DBE goal setting public meeting was held on July 21, 2016 at the ALDOT Modal Programs Bureau Conference Room in Montgomery, Alabama. Handouts for the meeting included a meeting agenda, an overview of the DBE program requirements and an explanation of the utilized goal setting methodology. An opportunity was provided for attendees to provide input and comments regarding the FFYs 2017-2019 DBE goal. Minutes from the meeting and other related documentation are included herewith.



**Public Notice**  
**Disadvantaged Business Enterprise (DBE) Goal for FFYs 2017-2019**

The Alabama Department of Transportation (ALDOT) Modal Programs Bureau hereby announces the proposed DBE Goal of 1.8% for Federal Fiscal Years 2017–2019. It is anticipated that ALDOT will meet its participation goal of 1.8% 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 the ALDOT’s website: <https://www.dot.state.al.us/ltweb/transit/index.html> . 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 1:00 p.m. on July 21, 2016 at the ALDOT, Modal Programs Bureau, 1100 John Overton Drive 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. Please mail questions or comments to ALDOT at the above address, Attention: Wiley Brooks or call (334) 353-6417. 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).