



Rhode Island Department of Transportation (RIDOT) Disadvantaged Business Enterprise (DBE) Program

Proposed Three-Year Goal Methodology for FHWA-Assisted Projects for Federal Fiscal Years 2021-2023

I. PROPOSED OVERALL GOAL

The U.S. Department of Transportation (USDOT) regulations outlined in 49 Code of Federal Regulations (CFR) Part 26, requires each recipient of USDOT Financial Assistance to establish a triennial goal for the participation of Disadvantaged Business Enterprises (DBE). The triennial goal is to be implemented as part of the recipient's, Rhode Island Department of Transportation (RIDOT), DBE program for contracting opportunities funded by Federal Highway Administration (FHWA). RIDOT is proposing a DBE goal for FFY 2021-2023 of 6.65% of the Federal Financial Assistance expended to RIDOT for Professional Services and Construction contracts. The identified 6.65% goal was calculated based upon a review the availability of DBE firms that are ready, willing and able (RWA) to participate and compete on DOT-assisted contracts in accordance to 49 CFR 26.45.

II. METHODOLOGY

A. STEP ONE- BASE FIGURE FOR THE RELATIVE AVAILABILITY OF DBEs - 49 CFR 26.45 (c)

1. LOCAL GEOGRAPHIC AREA

RIDOT has reviewed 49 CFR 26.45(c), and has elected to utilize the RI DBE directory and the US Census County Business Patterns (CBP) data, as the appropriate method to accurately identify anticipated DBE participation. For the purposes of identifying the base figure as required in Step One 49 CFR 26.45, establishing a "Local Geographic Area" was necessary. The Local Geographic Area is defined as the area in which the substantial majority of contract dollars are expended in addition to the area in which the substantial majority of contractors and subcontracts exist.

RIDOT extracted contracting data from FFY2016-2018 for the purposes of this report. In review of the data, majority of Contracting dollars (68%) remain within the RI market. Additionally, 54% of Prime Contracts were awarded to RI based firms and 51% of all participating contractors were RI based. Due to the small geographical area of Rhode Island, contracting interest and participation is not solely limited to a particular geographic area within the state but rather is spread throughout the Rhode Island

area. Furthermore, RIDOT has identified that for the FFY2016-FFY2018, 69 contractors (41%) in the neighboring states of Massachusetts and Connecticut routinely sought participation on FHWA-assisted contracts/awards.

	Total Program Awards/ Commitments	FY2016 -FY2018 RI Based Contractor Commitments	FY2016 -FY2018 RI Market Portion
Geographic Distribution of Contract \$	\$578,521,370.18	\$393,394,531.72	68%
Geographic Distribution All Participation Participating Prime Contractors	54	29	54%
Geographic Distribution of ALL Participating Contractors (including Subcontractors)	197	100	51%
MA Based Contractors	54		
CT Based Contractors	15		
Other Out of State Contractors	28		

2. BASE FIGURE FOR THE RELATIVE AVAILABILITY OF DBEs -
49 CFR 26.45 (c)

As previously indicated, pursuant to 49 CFR 26.45 (c) RIDOT has elected to utilize the RIDOT DBE directory and the US Census CBP data to identify the base figure for relative availability of DBEs. The most recent US Census CBP data, was collected during 2017 and was released for public use on 11/21/2019. Future contracting opportunities to be awarded during FFY2021-FFY2023 utilizing federal aid were reviewed, and the following NAICS codes were deemed most applicable for the anticipated contracting opportunities.

A search of the RI DBE directory was completed for certified DBE firms identified by primary NAICS codes listed above. This search yielded 103 certified DBEs “Ready, Willing and Able” (RWA) to perform work identified in the 24 NAICS Code categories. It is noted that many DBEs are certified to perform multiple NAICS codes, however, for the purposes of this report, classification was determined based upon certification of primary NAICS code.

Construction, Maintenance and Trucking

NACIS Code	NAICS Code Description	Number of Certified RI DBEs Available to perform work	Number of all Available firms (Including DBEs)	Relative Availability
237130	Power and communication line and related structures construction	1	9	11.1%

237310	Highway, street, and bridge construction	16	21	76.1%
237990	Other heavy and civil engineering construction	0	10	0%
238110	Poured concrete foundation and structure contractors	7	55	12.7%
238120	Structural steel and precast concrete contractors	3	13	23.1%
238140	Masonry contractors	2	106	1.9%
238210	Electrical contractors and other wiring installation contractors	7	350	2.0%
238320	Painting and wall covering contractors	3	195	1.5%
238910	Site preparation contractors	2	197	1.0%
238990	All other specialty trade contractors	6	132	4.5%
423320	Brick, stone, and related construction material merchant wholesalers	0	9	0
423390	Other construction material merchant wholesalers	2	11	18.1%
423510	Metal service centers and other metal merchant wholesalers	0	31	0%
423610	Electrical apparatus and equipment, wiring supplies, and related equipment merchant wholesalers	0	42	0%
484110	General freight trucking, local	6	134	4.5%
561730	Landscaping services	2	679	.29%
561990	All other support services (Flagger	1	41	2.4%
Total		58	2035	

Percentage of Certified Construction DBE firms = $\frac{\text{DBE Certified DBEs firms}}{\text{All Available Firms (DBEs and Non DBEs)}}$

Percentage of Certified Construction DBE firms; 2.9% = $\frac{58}{2035}$

Professional Services

NACIS Code	NAICS Code Description	Number of Certified RI DBEs Available to perform work	Number of all Available firms (Including DBEs)	Relative Availability
541310	Architectural services	6	70	8.6%
541330	Engineering services	11	245	4.9%
541340	Drafting services	2	8	25%
541611	Administrative management and general management consulting services	6	218	2.8%
541620	Environmental consulting services	4	39	10.3%

541690	Other scientific and technical consulting services	4	57	7.0%
561110	Office administrative services	1	66	1.5%
Total		34	703	

Percentage of Certified Professional Service DBE firms = $\frac{\text{DBE Certified DBEs firms}}{\text{All Available Firms (DBES and Non DBEs)}}$

Percentage of Certified Professional Service DBE firms; 4.8% = $\frac{37}{703}$

Federal Aid Utilization FFY 2016-FFY2018

Award Type	Federal Aid Share of Contracts Awards (dollars)	Percentage of Total
Construction	\$533,626,289.97	92.24%
Professional Services	\$44,895,080.21	7.76%
Total	\$578,521,370.18	100%

Step One Base Figure:

Step One Figure:

$$\begin{aligned}
 &= \left[\text{Construction Fed Aid Utilization} \left(\frac{\# \text{ of Constuction, Maintenance, Trucking DBEs}}{\# \text{ of All Constuction, Maintenance, Trucking}} \right) + \right. \\
 &\quad \left. \text{PS Fed Aid Utilization} \left(\frac{\# \text{ of PS DBE Firms}}{\# \text{ of All PS Firms}} \right) \right] \times 100\% \\
 &= \left[.922 \left(\frac{\# \text{ of Constuction, Maintenance, Trucking DBEs}}{\# \text{ of All Constuction, Maintenance, Trucking}} \right) + .776 \left(\frac{\# \text{ of PS DBE Firms}}{\# \text{ of All PS Firms}} \right) \right] \times 100\% \\
 &= \left[.922 \left(\frac{59 \text{ of Constuction, Maintenance, Trucking DBEs}}{2035 \# \text{ of All Constuction, Maintenance, Trucking}} \right) + .776 \left(\frac{34 \text{ of PS DBE Firms}}{703 \text{ of All PS Firms}} \right) \right] \times 100\% \\
 &= \left[.922 \left(\frac{59}{2035} \right) + .776 \left(\frac{34}{703} \right) \right] \times 100\% \\
 &= \left[.922 \left(\frac{59}{2035} \right) + .776 \left(\frac{34}{703} \right) \right] \times 100 \\
 &= [.922 (.029) + .776(.048)] \times 100 \\
 &= [.027 + .037] \times 100 = 6.4\% \\
 &= [.064] \times 100 = 6.4\%
 \end{aligned}$$

Final Step One Base Figure= 6.40%

B. ADJUST THE BASE FIGURE - 49 CFR 26.45 (c)

Step Two of the goal setting process is completed in order to adjust the identified base figure to reflect the most precise figure possible. To do this, RIDOT reviewed the capacity of DBEs to perform work on FHWA-assisted contracts based upon the value of work performed in the last 5 years (FFY2015 - FFY 2019). The below table demonstrates the total DBE participation relative to the total participation on closed contracts for the time period identified.

Description	FFY2015	FFY2016	FFY2017	FFY2018	FFY2019	5 Year Total
Total Value of Payments on Closed Contracts	\$176,927,495	\$156,579,205	\$88,085,484	\$7,845,729	\$14,805,080	\$444,242,993
Total DBE Participation	\$12,544,053	\$10,855,220	\$14,248,250	\$399,666	\$374,235	\$38,421,424
DBE Race/Gender Neutral	\$2,732,695	\$2,915,758	\$5,538,458	\$285,096	\$374,235	\$11,846,242
DBE Race/Gender Conscious	\$9,811,358	\$7,939,462	\$8,709,792	\$114,570	\$0	\$26,575,782
DBE FFY %	7.0%	6.9%	16.2%	5.1%	2.5%	

Median Past Participation = Identify the middle number of the provided data

Median Past Participation = 2.5%, 5.1%, 6.9%, 7.0% 16.2%

Median Past Participation = 6.9%

Using the past DBE participation and the current capacity of the DBE firms RWA, RIDOT has elected to make the following adjustment, increasing the anticipated goal:

$$\text{Adjusted DBE Goal} = \frac{(\text{Step 1 baseline figure} + \text{Median Past Participation})}{2}$$

$$6.65\% = \frac{(6.40\% + 6.9\%)}{2}$$

RIDOT has not conducted a disparity study nor has there been a completed study identified in the local market area. A disparity study to identify whether Minority and Women Business Enterprises (M/WBEs) have had equal access to state contracting opportunities is currently underway, initiated by the Rhode Island Department of Administration (DOA). The study is expected to be completed Fall 2020. RIDOT elected not to participate in study as Disadvantaged Business Enterprises (DBEs) were not included target population.

C. RACE/ GENDER NEUTRAL PROJECTION

RIDOT is committed to meeting the maximum feasible portion of its overall goal through Race/Gender Neutral (RN) means. To identify the RN portion of the goal, data was extracted from FFY2015 - FFY 2019 to identify past RN participation.

Description	FFY2015	FFY2016	FFY2017	FFY2018	FFY2019
Total Value of Payments on Closed Contracts	\$176,927,495	\$156,579,205	\$88,085,484	\$7,845,729	\$14,805,080
DBE Race/Gender Neutral	\$2,732,695	\$2,915,758	\$5,538,458	\$285,096	\$374,235
% RN Participation	1.54%	1.89%	6.29%	3.63%	2.53%

Median RN Participation = Identify the middle number of the provided data

Median RN Participation = 1.54%, 1.89%, 2.53%, 3.63%, 6.29%

Median RN Participation = 2.53%

RIDOT has projected the Race/Gender Neutral portion of the 6.65% overall goal to be 2.53%. It is projected that the remaining portion of the goal, 4.12%, will be achieved through Race Conscious (RC) participation.

To identify the projected overall 3-year DBE goal, RIDOT utilized data from the U.S. Census Business Patterns (CBP), RI Unified Certification Program (UCP) maintained by RI DOA, data maintained by RIDOT Office of Civil Rights (OCR), RIDOT Office of Procurement and Contract Management, and semi-annual reporting data submitted to FHWA.

a. RACE GENDER/NEUTRAL MEASURES IMPLEMENTED AT RIDOT

RIDOT previously maintained a DBE/SS program that was executed by a vendor. The vendor was tasked with assisting RIDOT in increasing and stabilizing participation of DBEs, in addition to all small businesses seeking contracting opportunities with RIDOT. RIDOT’s DBE/SS vendor contract expired on 11/15/2017. Due to several organizational changes during this time, RIDOT chose to put its DBE/SS program on hold.

RIDOT does not currently have a DBE/SS program in place but has secured SPR funding for FFY2020 and FFY2021 to fund market research to assist RIDOT in identifying the most appropriate and beneficial method to deliver the program to DBEs and small businesses seeking DBE certification.

Current services available to all small business through RIDOT include the following.

- How to bid on a RIDOT Contract (electronic and PowerPoint)
- How to use RIDOT's Quest Lite (electronic and PowerPoint)
- Ocean State Procures Overview and Training Sessions; RIDOT's new bidding system (Web-based training)
- Online posting of all available bidding opportunities
- Online questions and answers posting for each bid
- Online posting of bid tabulations
- Online Plan Holder List for each bid
- Online posting and contract bid submissions documents through RIVIP
- All bid documents contained on CD for each bid (contract documents, plans, state/federal contract provisions, RIDOT Standards and Specifications Blue Book)
- Contract bidding all electronic, including live remote bid opening

III. PUBLIC PARTICIPATION

Prior to the implementation of the Triennial DBE goal, a public notice is to be published in the Providence Journal and made available on the RIDOT website regarding the proposed goal and the methodology used. The proposed goal and methodology utilized will be available to the Rhode Island community to review for 30 days following the date of the notice, and comments will be accepted for 45 days from the date of notice. All suggestions and comments will be reviewed at the end of the comments period and goal will be reviewed/revised as applicable.

Published notice was placed on RIDOT website and run in the Providence Journal on 8/9/2020. On 8/27/2020 Construction Industries of RI (CIRI) contacted RIDOT OCR requesting a copy of the Proposed 2021-2023 DBE goal. On 9/8/2020, CIRI was provided with a copy of the proposed goal for review. On 9/15/2020, CIRI requested the names of the identified DBES referenced on page 3 of the proposed goal. On 9/18/2020, CIRI was provided the requested information. RIDOT OCR identified typo in report, while comparing raw data and the provided report. The number of DBEs in NAICS code 423390 was updated. The update did NOT impact the percentage of certified construction firms identified.

IV. CLOSING

RIDOT respectfully submits the calculated DBE goal of 6.65% (4.12% RC and 2.53% RN) for FFY 2021 - FFY 2023 to FHWA for consideration.