



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

Proposed Three-Year Goal Methodology for FHWA-Assisted Projects for Federal Fiscal Years 2024-2026

I. Proposed Overall Goal

The United States 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 2024-2026 of **10.8%** of the Federal Financial Assistance expended to RIDOT for Professional Services and Construction contracts. The identified **10.8%** 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 with 49 CFR §26.45.

II. Methodology

A. Step One- Base Figure for the Relative Availability of DBE Firms (49 CFR 26.45(c))

In accordance with 49 CFR §26.45(c), RIDOT has continues to utilize an alternative method to determine the number of ready, willing, and available (RWA) DBE firms available to compete on FHWA- assisted RIDOT contracts.

1. Local Geographic Area

The first identified step in determining the base figure is to determine RIDOT's "Local Geographic Area". 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.

Within FFY2021-FFY2023, RIDOT awarded \$1,079,331,910.29 in contract awards with the assistance of FHWA fundings. In review of the data, it was identified that a majority of the contractor seeking to participate on RIDOT contracts are based within Rhode Island (60.5%),

Massachusetts (14.8%) and Connecticut (23.6%). In determining the local geographic area, RIDOT determined it was most beneficial to include the MA and CT markets within the calculation. For these reasons, the number of RI, MA and CT DBE firms within the RI DBE Directory were considered in this calculation. To determine the availability the number of all available firms (certified DBE and non-certified DBE firms), the United States Census Bureau’s County Business Patterns (CBP) data were utilized. Bases upon the number of RI, MA and CT firms identified within past participation and certified within the DBE directory the Providence-Warwick, RI,-MA Metro geographic area identified by the US Census was utilized. The US Census defines a Metropolitan Statistical Area as consisting of one or more counties containing a city of 50,000 or more inhabitants *or* a Census-Bureau-defined urbanized area (UA) and has a total population of at least 75,000 for the New England region.

Value of FFY2021-FFY2022 FHWA-Assisted contracts	\$1,079,331,910.29	
Total Number of Contractors	162	
RI-based Contractors	\$652,464,970.95	60.5%
MA- based Contractors	\$160,038,703.17	14.8%
CT-based Contractors	\$255,223,682.50	23.6%

2. Base Figure for the Relative Availability of DBE Firms 49 CFR 26.45(c)

Pursuant to 49 CFR 26.45(c), RIDOT elected to utilize the Rhode Island DBE Directory as well as the US Census Bureau- County Business Patterns (CBP) data to identify the base figure for the proposed DBE goal. RIDOT evaluated anticipated upcoming contracts as identified within Rhode Island’s State Transportation Improvement Program (STIP). Contracts identified within the STIP are reviewed on a routine basis and any changes are subject to a Memorandum of Agreement (MOA) by and with Federal Highway Administration (FHWA), Federal Transit Administration (FTA), Rhode Island State Planning Council (RISPC)/Rhode Island Department of Administration’s Division of Statewide Planning (RIDSP), Rhode Island Department of Transportation (RIDOT), and the Rhode Island Public Transit Authority (RIPTA).

Upon review of the STIP, anticipated RIDOT contracts to be advertised and awarded during FFY2024 through FFY2026 were evaluated for anticipated contracting opportunities. Anticipated contracting opportunities were identified by the corresponding North American Industry Classification System (NAICS) codes. Based upon anticipated work and past contracts 24 NAICS codes likely to result in contracting opportunities were identified. Next a review of the RIDOT DBE Directory was conducted to categorize the number of DBE firms within each identified NAICS code. The Rhode Island DBE Directory consists of 674 firms certified as DBEs within Rhode Island. The DBE Directory includes firms based throughout the country and many certified in multiple NAICS codes. It is important to note for the purpose of the calculation of the annual DBE goal, the number of firms identified per NAICS code is based upon the firm’s certification of their primary NAICS code.

Construction, Maintenance and Trucking

NACIS Code	NAICS Code Description	Certified RI DBEs RWA	Certified MA DBEs RWA	Certified CT DBEs RWA	CBP Data	Relative Availability
237130	Power and communication line and related structures construction	1	0	0	14	7.14%
237310	Highway, street, and bridge construction	14	7	0	27	77.77%
237990	Other heavy and civil engineering construction	0	1	0	12	8.33%
238110	Poured concrete foundation and structure contractors	6	2	1	46	19.56%
238120	Structural steel and precast concrete contractors	3	7	2	13	92.31%
238140	Masonry contractors	2	2	0	105	3.81%
238210	Electrical contractors and other wiring installation contractors	7	2	0	365	2.47%
238910	Site preparation contractors	9	9	2	186	10.75%
238990	All other specialty trade contractors	3	7	1	133	8.27%
339950	Sign Manufacturing	0	0	0	15	0.00%
423320	Brick, stone, and related construction material merchant wholesalers	0	0	0	12	0.00%
423390	Other construction material merchant wholesalers	1	0	0	8	12.50%
423510	Metal service centers and other metal merchant wholesalers	0	1	0	27	3.70%
423610	Electrical apparatus and equipment, wiring supplies, and related equipment merchant wholesalers	0	2	0	37	5.40%
484110	General freight trucking, local	4	3	0	129	5.43%
484220	Specialized Freight (Except Used Goods) Trucking, Local	2	1	1	86	4.65%
561730	Landscaping services	2	1	0	776	.39%
561990	All other support services (Flagger	1	0	0	37	2.70%
	Total	55	45	7	3126	

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

$$\text{Percentage of Certified Construction DBE firms; } 3.42\% = \frac{107}{3126}$$

Professional Services

NACIS Code	NAICS Code Description	Certified RI DBEs RWA	Certified MA DBEs RWA	Certified CT DBEs RWA	CBP Data	Relative Availability
541330	Engineering services	10	15	8	224	14.73%
541340	Drafting services	2	1	0	8	37.5%
541370	Surveying and Mapping (except Geophysical) Services	0	1	0	30	3.33%
541611	Administrative management and general management consulting services	6	5	4	247	6.07%
541620	Environmental consulting services	4	9	4	50	34.00%
541690	Other scientific and technical consulting services	4	0	2	57	10.52%
561110	Office administrative services	1	11	0	90	13.33%
	Total	27	42	18	706	

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

$$\text{Percentage of Certified Professional Service DBE firms; } 12.3\% = \frac{87}{706}$$

Federal Aid Utilization FFY 2020-FFY2023

Award Type	Federal Aid Share of Contracts Awards (dollars)	Percentage of Total
Construction	\$873,173,798.60	87.6%
Professional Services	\$123,984,030.58	12.4%
Total	\$997,157,829.18	100.00%

Step One Base Figure:

$$\begin{aligned}
 &= \left[\text{Construction Fed Aid Utilization} \left(\frac{\# \text{ of Constuction, Maintenance, Trucking DBEs}}{\# \text{ of All Constuction, Maintenance, Trucking}} \right) + \text{PS Fed Aid Utilization} \left(\frac{\# \text{ of PS DBE Firms}}{\# \text{ of All PS Firms}} \right) \right] \times 100\% \\
 &= \left[.876 \left(\frac{\# \text{ of Constuction, Maintenance, Trucking DBEs}}{\# \text{ of All Constuction, Maintenance, Trucking}} \right) + .124 \left(\frac{\# \text{ of PS DBE Firms}}{\# \text{ of All PS Firms}} \right) \right] \\
 &\quad \times 100\% \\
 &= \left[.876 \left(\frac{107 \text{ of Constuction, Maintenance, Trucking DBEs}}{3126 \# \text{ of All Constuction, Maintenance, Trucking}} \right) + .124 \left(\frac{87 \text{ of PS DBE Firms}}{706 \text{ of All PS Firms}} \right) \right] \\
 &\quad \times 100\%
 \end{aligned}$$

$$\begin{aligned}
&= \left[.876 \left(\frac{107}{3126} \right) + .124 \left(\frac{87}{706} \right) \right] \times 100\% \\
&= \left[.876 \left(\frac{107}{3126} \right) + .124 \left(\frac{87}{706} \right) \right] \times 100\% \\
&= [.876(.034) + .124(.123)] \times 100\% \\
&= [.030 + .012] \times 100 \\
&15.3\% = [.0153] \times 100
\end{aligned}$$

Final Step One Base Figure= 15.3%

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 DBE commitments attained throughout in the past 5 years (FFY2018 - FFY 2022). The below table demonstrates the total DBE participation relative to the total participation on closed contracts for the time period identified.

Federal Fiscal Year	% DBE Utilization
2018	15%
2019	16%
2020	4.79%
2021	6.36%
2022	6.05%

Median Past Participation

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

4.79%, 6.05%, 6.36%, 15%, 16% = 6.36%

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

$$10.8\% = \frac{(15.3\% + 6.36\%)}{2}$$

In addition to reviewing past participation on contracts, RIDOT considered additional external factors.

When considering adjustments, it is important to consider DBE certifications, that may impact the departments' goal. During FFY2021, a significant decertification of DBE firm, Cosco, Inc. occurred. Cosco maintain multiple certifications within multiple NAICS codes with their primary NAICS code identified as 237310- highway, street, and bridge construction. It is important to note, Cosco, Inc. performed much of the guardrail and fencing work on FHWA-assisted

contracts. However, with their departure from the program, an opportunity may be presented for other firms to participate and increase their knowledge and experience within the guardrail and fencing scope of work. In review of the DBE directory, RIDOT has identified 5 firms certified to perform this work.

While RIDOT has not conducted a disparity study regarding DBE firms, the RI Department of Administration conducted on Minority Business Enterprises (MBE) and Women-Business Enterprises (WBE) was completed in July 2021. 82 of the 107 RI based firms maintaining construction NAICS codes maintain dual certification as a DBE and MBE/WBE. Each of the 27 RI based Professional Services contractors maintain dual as a DBE and MBE/WBE. While the disparity study noted significant disparities within stated funded construction contracts, most of the recommendations to improve the state MBE program spoke to improving the structure of the program and the monitoring and compliance mechanisms, which for the federal DBE program are outlined within 49 CFR 26.

Additionally, in determining whether to adjust the based figure, RIDOT considered the annual DBE goals of the neighboring Departments of Transportation (DOT) to include Massachusetts (MA) and Connecticut (CT). As previously identified, for contract work award during FFY 2020-FFY2022, MA based firms accounted for 14.8% of work awarded, while CT based firms accounted for 23.6%. For FFY2020-FY2022 Massachusetts Department of Transportation (MassDOT) identified a 13.6% annual DBE goal, while the proposed FFY2021-FFY 2024 DBE goal for Connecticut Department of Transportation (ConnDOT) is 13.8%.

Based upon the additional information reviewed, RIDOT has selected to utilize the adjusted base figure utilizing the median past participation resulting in a 10.80% DBE goal.

C. RACE/ GENDER NEUTRAL PROJECTION

Description	FFY2018	FFY2019	FFY2020	FFY2021	FFY2022
Total Contract Awards	\$160,296,931	\$138,051,847	\$368,093,785	\$268,903,253	\$393,961,195
Total DBE Participation	\$24,716,822	\$35,633,318	\$17,635,875	\$17,097,517	\$23,852,008
DBE Race/Gender Neutral	\$4,488,086	\$20,821,321	\$16,669,806	\$15,858,408	\$21,668,582
DBE FFY %	2.80%	15.08%	4.52%	5.90%	5.50%

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

Median RN Participation = 2.80%, 4.52%, 5.50%, 5.90%, 15.08%

Median RN Participation = 5.50%

RIDOT has projected the Race/Gender Neutral portion of the 10.80% overall goal to be 5.50%. It is projected that the remaining portion of the goal, 5.3%, will be achieved through Race Conscious (RC) participation.

To compute the projected overall 3-year FHWA 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), Prism Compliance from Early Morning Software Innovation, RIDOT Office of Procurement and Contract Management, Rhode Island Division of Statewide Planning State Transportation Improvement Program (STIP) and semi-annual reporting data submitted to FHWA.

1. RACE GENDER/NEUTRAL MEASURES IMPLEMENTED AT RIDOT

At the time of computation, RIDOT does not currently maintain a DBE Supportive Services (DBE/SS) program. RIDOT is currently in the process of soliciting a qualified consultant to perform research to identify the business needs of the DBE firms and small business within the Rhode Island area and it is more beneficial to implement the DBE/SS program in-house utilizing RIDOT staff or via securing an external consultant. The RFP has been advertised and responses have been from several consultants and the selection process is underway.

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

- Ocean State Procures (OSP) Overview and Training Sessions;
 - Web-based training videos
 - OSP Vendor Reference Guide
 - OSP Solicitation Response Checklist and Support Guide
 - Online posting of all available bidding opportunities
- Contract Board
 - Contract Board Search Instructions
 - Contract Board Quick Start Video
 - RI Emergency MPA Guide
- Online questions and answers posting for each bid
- Online portal of Bid Responses for Public Works
- Online posting of bid tabulations
- Online Plan Holder List for each bid
- Online posting and contract bid legacy submissions through RIVIP
- 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.

In addition to publishing the notice of the goal, RIDOT intends to share the goal methodology with the Construction Industries of RI (CIRI) for comments.

IV. Closing

RIDOT respectfully submits the calculated DBE goal of 10.80% (5.3% RC and 5.5% RN) for FFY 2024 - FFY 2026 to FHWA for consideration.