

Arkansas State Highway and Transportation Department



DRAFT

**Disadvantaged Business Enterprise (DBE) Participation Goal
On Federally-Assisted Transit Projects
for
Federal Fiscal Year 2009**

Prepared by:
Planning and Research Division
and
Human Resources Division

In compliance with:
Title 49, Part 26 of the Code of Federal Regulations (49 CFR 26)

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INTRODUCTION

This report complies with the Disadvantaged Business Enterprise (DBE) rule in Title 49 Code of Federal Regulations Part 26 (49 CFR 26) and details the Arkansas State Highway and Transportation Department's process for setting the Federal Fiscal Year (FFY) 2009 overall goal for DBE participation in federally assisted transit projects.

49 CFR 26 requires that this goal be submitted for review by the Federal Transit Administration. This submission must include 1) A description of the methodology used to establish the goal, including the base figure and evidence with which it was calculated, and the evidence relied on for any adjustments; and 2) A projection of the portions of the overall goal expected to be met through race/gender-conscious measures, respectively; and should include 3) A summary listing of relevant available evidence of disparity and, where applicable, an explanation of why that evidence was not used to adjust the base figure.

For any questions or comments contact:

Mr. Ralph J. Hall
DBE Liaison Officer
Assistant to the Director
P. O. Box 2261
Little Rock, Arkansas 72203-2261
Phone: (501) 569-2612

SUMMARY

Proposed DBE Goal for Federal Fiscal Year 2009

The Arkansas State Highway and Transportation Department (AHTD) proposes the following goal for participation by DBEs on federally assisted transit contracts for FFY 2009:

Total DBE Goal - 1.49%

Public Participation Process

The Department published a notice announcing the proposed goal in the Arkansas Democrat-Gazette and in available minority focused and trade association publications (*El Latino, La Prensa, South Arkansas Sun, Hola! Arkansas, Asian American Reporter, The Good News, La Voz de Arkansas, Noticias Libres, Enlace Latino*). The notice informed the public that the proposed goal and its rationale is available for inspection during normal business hours for 30 days following the date of the notice, and that comments would be accepted for 45 days from the date of notice. This notice included an address to which comments could be sent. This report was translated into Spanish before transmitting to the Arkansas Hispanic newspapers (*El Latino, La Prensa, Hola! Arkansas, La Voz de Arkansas, Noticias Libres, Enlace Latino*).

This report was distributed to the DBE Advisory Committee for their review and comments. The DBE Advisory Committee consists of representatives from the AHTD, the Federal Highway Administration (FHWA), non-DBE contractors, AHTD's certified DBE contractors, and Arkansas' Regional Minority Supplier Development Council. In addition, this preliminary report was forwarded to various interested groups with an offer to meet and discuss the proposed goal and rationale used to develop the goal.

DESCRIPTION OF METHODOLOGY

The methodology used to calculate the AHTD's FFY 2009 DBE Goal was based on the Department of Transportation's Office of Small and Disadvantaged Business Utilization's "Tips for Goal Setting in the DBE Program" (Appendix A) utilizing information obtained from the 2005 Economic Census and the Department's Certified Disadvantaged Business Enterprise Directory.

Background Information

The Arkansas State Highway and Transportation Department administers federally assisted transit programs in Arkansas. Most of the federal funds are passed through the AHTD to various public and private nonprofit transit systems. Only the public transit systems receive operating and capital funds. Even after attempts by both the AHTD and the public transit systems to identify minority contractors for certification as disadvantaged business enterprises, the number of certified DBE contractors has continued to decline.

STEP ONE: DEVELOPMENT OF THE BASE GOAL

In Step One of the goal setting process, contractible items were identified and a weighted average figured for each item. Then the Base Goal was figured using the relative availability (percentage) of DBEs in Arkansas to perform contracts (both prime and sub) scheduled for FFY 2009. In simplest terms, this percentage, or base goal, can be calculated as follows:

Table 1
2009 Transit Program

	Description of Work	Amount	Percent of Total (Weight)
(1)	Accounting/Audit	\$11,771	0.47%
(2)	Administrative/Office Supplies	\$68,019	2.74%
(3)	Advertising	\$15,237	0.61%
(4)	Auto Parts/Supply	\$71,623	2.89%
(5)	Auto Repair	\$288,238	11.62%
(6)	Building Repair	\$25,383	1.02%
(7)	Building Rehabilitation	\$3,086	0.12%
(8)	Clothing/Uniforms	\$12,715	0.51%
(9)	Communication Equipment	\$922	0.04%
(10)	Computers & Software	\$17,238	0.69%
(11)	Insurance	\$461,300	18.60%
(12)	Janitorial	\$15,145	0.61%
(13)	Landscaping	\$890	0.04%
(14)	Painting	\$454	0.02%
(15)	Pest Control	\$1,471	0.06%
(16)	Petroleum - Retail	\$476,523	19.21%
(17)	Petroleum - Wholesale	\$698,025	28.15%
(18)	Plumbing, Heating & Air Conditioning	\$5,346	0.22%
(19)	Printing	\$7,561	0.30%
(20)	Professional Services	\$251,539	10.14%
(21)	Tires	\$16,587	0.67%
(22)	Translation/Intpretation	\$199	0.01%
(23)	Transportation Management	\$31,162	1.26%
	FTA Assisted Contracts	\$2,480,434	100.00%

To further refine this percentage, weighting was applied using both the percentage of work to be done and the availability of DBEs to perform each work category. This data was obtained using the 2005 Economic Census – County Business Patterns for Arkansas Tables (Construction, Retail and Wholesale) and the AHTD’s Disadvantaged Business Enterprise Directory.

$$\text{Base Goal} = \frac{\text{Ready, Willing, and Able DBEs}}{\text{All Firms Ready, Willing, and Able (DBEs and non-DBEs)}} = \text{Relative Availability}$$

Table 2
2005 Census County Business Patterns for Arkansas
Relative Availability Chart

	Description of Work	Directory Number of Certified DBEs	Number of Firms	Relative Availability
(1)	Accounting/Audit	2	1,074	0.0019
(2)	Administrative/Office Supplies	0	564	0.0000
(3)	Advertising	1	95	0.0105
(4)	Auto Repair	0	1,455	0.0000
(5)	Auto Supply	0	566	0.0000
(6)	Building Repair	9	169	0.0533
(7)	Building Rehabilitation	0	183	0.0000
(8)	Clothing/Uniforms	0	33	0.0000
(9)	Communication Equipment	1	432	0.0023
(10)	Computers & Software	3	86	0.0349
(11)	Insurance	1	1,446	0.0007
(12)	Janitorial	6	389	0.0154
(13)	Landscaping	3	253	0.0119
(14)	Painting	5	219	0.0228
(15)	Pest Control	0	145	0.0000
(16)	Petroleum - Retail	0	1,554	0.0000
(17)	Petroleum - Wholesale	0	109	0.0000
(18)	Printing	0	30	0.0000
(19)	Plumbing, Heating & AC	2	948	0.0021
(20)	Professional Services	1	575	0.0017
(21)	Tires	0	278	0.0000
(22)	Translation & Interpretation	0	6	0.0000
(23)	Transportation Management	1	292	0.0034
	Combined Totals	35	10,901	

Table 3
Transit Program DBE Goal Calculation

Description of Work		Percent of 2009 Transit Program (A)	Relative Availability (B)	Step One Base Goal (AxB)
(1)	Accounting/Audit	0.47%	0.19%	0.00%
(2)	Administrative/Office Supplies	2.74%	0.00%	0.00%
(3)	Advertising	0.61%	1.05%	0.01%
(4)	Auto Parts/Supply	2.89%	0.00%	0.00%
(5)	Auto Repair	11.62%	0.00%	0.00%
(6)	Building Repair	1.02%	5.33%	0.05%
(7)	Building Rehabilitation	0.12%	0.00%	0.00%
(8)	Clothing/Uniforms	0.51%	0.00%	0.00%
(9)	Communication Equipment	0.04%	0.23%	0.00%
(10)	Computers & Software	0.69%	3.49%	0.02%
(11)	Insurance	18.60%	0.07%	0.01%
(12)	Janitorial	0.61%	1.54%	0.01%
(13)	Landscaping	0.04%	1.19%	0.00%
(14)	Painting	0.02%	2.28%	0.00%
(15)	Pest Control	0.06%	0.00%	0.00%
(16)	Petroleum - Retail	19.21%	0.00%	0.00%
(17)	Petroleum - Wholesale	28.15%	0.00%	0.00%
(18)	Printing	0.22%	0.00%	0.00%
(19)	Plumbing, Heating & AC	0.30%	0.21%	0.00%
(20)	Professional Services	10.14%	0.17%	0.02%
(21)	Tires	0.67%	0.00%	0.00%
(22)	Translation & Interpretation	0.01%	0.00%	0.00%
(23)	Transportation Management	1.26%	0.34%	0.00%
	Combined Totals	100.00%		0.12%

STEP TWO: ADJUSTMENTS

To determine if adjustments are necessary, include past participation and evidence of disparity studies, as well as any other data available that would help to measure the percent of DBE participation in the absence of discrimination.

Past Participation:

Table 4
DBE Median Participation (FFY 1999 – 2007)

	DBE CONTRACT	ACTUAL ANNUAL
FFY	GOALS	PARTICIPATION
2002	5.10%	0.00%
2003	5.00%	0.02%
2007	2.28%	1.25%
2004	5.01%	2.44%
2006	3.50%	2.85%
2001	6.00%	3.50%
2005	2.78%	3.73%
2000	7.00%	5.80%
1999	10.00%	5.90%
MEDIAN		3.50%

The median participation FFYs 1999 - 2007 and Step One Base Goal is

<u>DBE MEDIAN PARTICIPATION (1999 – 2007)</u>	2.85%
<u>STEP ONE BASE GOAL (2009)</u>	0.12%
Total	2.97%
	÷ 2
AVERAGE GOAL	1.49%

DISPARITY STUDIES AND OTHER EVIDENCE OF DISCRIMINATION

There were no available disparity studies performed within the market area.

RACE/GENDER-NEUTRAL AND RACE/GENDER CONSCIOUS DETERMINATION

The next step is to forecast the race/gender-neutral and race/gender-conscious portion of the Step Two Adjusted Goal. As stated in 49 CFR Section 25.51, the maximum feasible portion of the overall goal must be met by using race/gender-neutral means of facilitating DBE participation. Race/gender-neutral participation includes: 1) DBEs who win prime contracts through customary competitive procurement procedures; 2) DBEs who are awarded subcontracts on prime contracts that do not carry a DBE goal; and 3) DBEs who are awarded subcontracts in excess of the stated project goal.

The following considerations were made when determining the race/gender-neutral and race/gender conscious component of the goal setting process.

Overall Goals Were Not Exceeded in the Past

As shown in Table 4, DBE Median Participation FFYs 1999-2007, Arkansas has not exceeded the DBE Overall Goal.

Past Race/Gender-Neutral Participation by DBEs on Transit Projects

The AHTD passes through federal funds to public and private non-profit transit systems that procure items using procurement processes because of governing legislation or fiscal restraints by funding agencies. Due to low participation by DBEs in the certification process, it has been difficult at best to identify ready, willing, and able DBEs to participate in small procurements. Efforts will be made to increase DBE participation on transit projects. However, due to the lack of race/gender-neutral participation in the past, there is no race/gender-neutral goal assigned at this time. Therefore, **the Total DBE Goal for FFY 2009 is 1.49%.**

APPENDICES

- A - U.S. Dept. of Transportation's Tips for Goal-Setting in the DBE Program
- B - Local Market Area and Data Sources
- C - Written Comments Received and Actions Taken