



2019 - 2021

FEDERAL HIGHWAY ADMINISTRATION
DISADVANTAGED BUSINESS
ENTERPRISE (DBE)
GOAL METHODOLOGY



DEPARTMENT OF PUBLIC WORKS

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**METHODOLOGY FOR ESTABLISHING THE FY 2019-2021 OVERALL
FHWA DISADVANTAGED BUSINESS ENTERPRISE (DBE) GOAL
VIRGIN ISLANDS DEPARTMENT OF PUBLIC WORKS**

BACKGROUND

VIDPW is a recipient of USDOT Federal Highway Administration (FHWA) funding in excess of \$16,500,000.00 each year. As a condition of receiving this financial assistance, VIDPW has assured that it will comply with the FHWA's DBE requirements. Therefore, in accordance with 49 CFR § 26.45(a)(1), VIDPW is required to develop and submit a Triennial Overall DBE goal for its FHWA-assisted projects.

GOAL METHODOLOGY

DBE goals are based on demonstrable evidence of the availability of ready, willing and able DBEs relative to all business ready, willing and able to participate on USDOT-assisted contracts in the relevant market area. The goal must reflect the level of DBE participation expected absent the effect of discrimination. Through review of the USVI DBE Directory, internal discussion with VIDPW Planning and Highway Engineering, and external consultation with University of the Virgin Islands Small Business Development Center and the USVI Department of Licensing & Consumer Affairs, VIDPW determined that its market area consists of the Virgin Islands.

Step 1: Determination of Base Figure (§ 26.45(c))

To establish the DBE goal, VIDPW calculated a base figure for the relative availability of DBEs using FY2015 – FY2018 data from its bidders list, a comprehensive database of DBEs and OBEs that captures information on all bidders, both successful and unsuccessful. This resulted in a relative availability of DBEs of 25.38%.

$$410 \text{ Available DBEs} \div 1615 \text{ All Available Firms} = .2538 \text{ or } 25.38\%$$

Because VIDPW is able to calculate FHWA-funding on its projects by individual highway-related work items, it improved the accuracy of its availability through weighting, multiplying the relative availability by projected expenditures in each North American Industry Classification System (NAICS). This resulted in an adjusted base figure of 25.91%.

$$.2538 \text{ Relative Availability} \times 1.020883 \text{ Weight by Expenditures} = .2591 \text{ or } \boxed{25.91\% \text{ Base}}$$

NAICS	NAICS Description	DBEs available to perform this work	All firms available (including DBEs)	Relative Availability		FHWA funds (weight)	Weighted Base Figure
237310	Highway, Street & Bridge Construction	26	97	0.268041237	x	0.008511502	0.002281433
238140	Masonry Contractgors	25	76	0.328947368	x	0.055224638	0.018165999
238210	Electrical Contractors	18	49	0.367346939	x	0.005886904	0.002162536
238220	Plumbing Contractors	20	81	0.24691358	x	0.003234404	0.000798618
238250	Carpentry Contractors	19	85	0.223529412	x	0.019385625	0.004333257
238320	Painting Contractors	21	89	0.235955056	x	0.122067172	0.028802366
238910	Site Preparation	17	84	0.202380952	x	0.066881975	0.013535638
238990	All Other Specialty Trade Contractors	16	56	0.285714286	x	0.038915865	0.011118818
324121	Asphalt Paving Mix & Block Manufacture	21	86	0.244186047	x	0.046382796	0.011326032
444190	Other Building Contractors	25	78	0.320512821	x	0.18019894	0.057756071
484110	General Freight Trucking	21	87	0.24137931	x	0.075146699	0.018138858
532412	Heavy Equipment Rental	19	95	0.2	x	0.04018272	0.008036544
541310	Architectural Services	17	85	0.2	x	0.017992128	0.003598426
541330	Engineering Services	28	97	0.288659794	x	0.034249506	0.009886455
541618	Other Management Consulting Services	17	78	0.217948718	x	0.080876271	0.017626879
561621	Security Services	19	69	0.275362319	x	0.023187105	0.006384855
561720	Janitorial Services	21	86	0.244186047	x	0.095365078	0.023286821
561730	Landscaping Services	23	90	0.255555556	x	0.015674041	0.004005588
562111	Solid Waste Collection	18	75	0.24	x	0.034142622	0.008194229
562112	Hazardous Waste Treatment/Disposal	19	72	0.263888889	x	0.036494011	0.009630364
		410	1615	0.253869969	x	1.020883	0.2591
							25.91%

Table shows relative availability and weighting

Step 2: Adjustment of the DBE Base Figure (§ 26.45(d))

After Step 1 DBE Base Goal has been developed, the regulations (49 CFR Part 26) requires that additional evidence in the sponsor's jurisdiction be considered to determine what adjustments, if any, are needed to the base figure to arrive at the overall goal.

After establishing the base figure, VIDPW examined available evidence to determine what adjustment might be required to ensure a narrowly-tailored goal. Since future contracting opportunities are projected to be similar as in past years, VIDPW analyzed participation from the past three (3) years to determine the feasibility of an adjustment to the base figure.

FHWA FUNDS RECEIVED (MILLIONS)

Federal FY	DBE Goal	Total FHWA-assistance	Total to DBEs	DBE %
2016	19.0%	\$15,600,000	\$ 4,616,650	29.59%
2017	19.0%	\$17,600,000	\$ 4,520,759	25.68%
2018	19.0%	\$43,100,000	\$10,357,958	24.03%

VIDPW examined its historical overall DBE achievement on FHWA-assisted projects for Fiscal Years 2016, 2017 and 2018. In calculating the adjusted goal, VIDPW identified the median of past participation and averaged it by the base figure identified in Step 1.

$$25.91 \text{ Base} + 25.60 \text{ Past Participation} = 51.51 \div 2 = 25.75$$

25.75% Adjusted Goal

VIDPW met with partners from the Economic Development Authority, the USVI Department of Labor, UVI Small Business Development Center and Puerto Rico Highway & Transportation Authority (PRHTA) to identify any existing disparity students or business growth/sustainability programs that might be used to further adjust the goal. VIDPW found no additional evidence within its or nearby markets that might have an impact on goal setting.

Race Conscious versus Race Neutral Projection (§ 26.45(f))

To ensure narrow tailoring, 26.51(c) requires that USDOT recipients achieve the maximum portion of the overall DBE goal through race neutral methods. VIDPW makes every effort to meet the maximum feasible portion of its overall goal by using race-neutral means of facilitating DBE participation, including the following:

- Arranging solicitations, times for the presentation of bids, quantities, specifications, and delivery schedules in ways that facilitate DBEs, and other small business', participation
- Providing assistance in overcoming limitations such as inability to obtain bonding or financing (e.g., by simplifying the bonding process, reducing bonding requirements, and providing services to help DBEs and other small businesses obtain bonding and financing)
- Providing technical assistance and other services upon requested or identified need
- Implementing a supportive services program to develop and improve immediate and long-term business management, record-keeping, and financial and accounting capability for DBEs and other small businesses
- Ensuring that Prime contractors are aware of and know how to obtain the approved DBE listing from the Virgin Islands Department of Public Works.

As part of the goal methodology, the regulations direct VIDPW to project how much of its goal can likely be achieved through ordinary procurement methods without DBE goals on individual contracts. The regulations further state that, where VIDPW exceeds its overall goals for two consecutive years, it must proportionately reduce the use of contract goals.

VIDPW examined its goal achievement for the past two consecutive years, finding that it exceeded its overall goal of 19% by 6.6% in FY 2017 and by 5% in FY 2018. This suggested a reduction in the use of contract goals by an average of 22.5%.

Therefore, VIDPW projects that for Fiscal Years 2019-2021, it will meet its overall goal of 25.75% with the following split:

15.00% - Race Neutral/10.75% - Race Conscious

VIDPW will establish contract goals to meet any portion of the overall goal that it does not anticipate meeting by using race-neutral means. Contract goals are established on individual projects so that over the period to which the goal applies, it will cumulatively result in meeting any portion of the overall goal that is not projected to be met using race-neutral means. However, VIDPW will establish contract goals only on the FHWA-assisted contracts that have subcontracting opportunities.

VIDPW will also monitor the performance of its DBE program and will make adjustments to its race neutral/race conscious measures if needed to ensure regulatory compliance. VIDPW will also separately track race neutral and race conscious measures to reflect actual DBE participation, demonstrate a running tally (26.37(c)) and reporting commitments/payments biannually (Appendix B to Part 26). Finally, if during any fiscal year VIDPW finds that its achievements fail to meet the established goal of 25.75%, it will determine the reason(s) and develop a specific action plan for achieving the goal in the following fiscal year. VIDPW will submit this plan to FHWA for its review and acceptance (26.47(c)).

PUBLIC OUTREACH & CONSULTATION

VIDPW published notice of the overall goal on **May 11, 2020** soliciting comments, questions and input for a period of thirty (30) days. The notice appeared on the VIDPW website and via the following media outlets: **DaVybe 107.9 (radio station) and VI Source (internet news) – stthomassource.com; stcroixsource.com & stjohsource.com.**

VIDPW also provided a copy of the methodology to all DBEs in the UCP directory as well as to the Sole Contractors' Group, a consortium of contractors doing business in VI. VIDPW further consulted with its government partners, including USVI Economic Development Authority; USVI Department of Labor; and the University of Virgin Islands Small Business Development Center (UVI SBDC). Finally, VIDPW held a virtual public forum to better collect comments from the DBE and contractor community.

The comment period expired on **June 13, 2020** with the following results. **[To be Summarized.]**