

**2018-2020**

# Federal Transit Administration DBE Goal Methodology



Virgin Islands

Department of Public Works

**Disadvantaged Business**

**Enterprise Program**

**U.S. VIRGIN ISLANDS DEPARTMENT OF PUBLIC WORKS  
GOAL SETTING METHODOLOGY  
FEDERAL TRANSIT ADMINISTRATION (FTA) PROJECTS**

Table of Contents

	<u>Page Number</u>
<b>Background Information</b>	1
<b>I. Summary of the Goal Setting Process</b>	
A) Identifying Geographic Market Area	1
B) Determining DBE Availability within the Market Area	2
C) Adjusting the DBE Base Goal	2
D) Calculating the Race-Neutral/ Race Conscious Goal	2
<b>II. Goal Methodology</b>	
<b>STEP 1:</b>	
A) Amount of the Goal	2
B) Determining the Market Area	2
Table 1: Prime Contractors on Previous Projects	3
Table 2: Market Service Area	4
C) Determination of relevant NAICS Codes	4
Table 3: Previous Projects NAICS Codes	4
D) Determination of relevant availability of DBEs in the Market Area	5
Table 4: Availability of DBE Firms by NAICS Code	5
E) Final Determination of the DBE Base Goal	5
<b>III. Adjustment of the DBE Base Goal</b>	
<b>STEP 2:</b>	
A) Adjustment Factors to Consider	6
Table 5: Historical DBE Accomplishments	6
B) Research	6
<b>IV. Race-Neutral / Race Conscious</b>	
<b>STEP 3:</b>	
Determining Race-Neutral/Race Conscious Goals	7
<b>V. Publishing the Goal</b>	
Resource Listing	

# METHODOLOGY FOR ESTABLISHING THE FY 2018-2020 OVERALL DISADVANTAGED BUSINESS ENTERPRISE (DBE) GOAL FOR THE VIRGIN ISLANDS DEPARTMENT OF PUBLIC WORKS

## Background Information

*In accordance with the requirements of 49 Code of Federal Regulations (CFR) Part 26, THE VIRGIN ISLANDS DEPARTMENT OF PUBLIC WORKS DBE PROGRAM has developed a proposed Overall Goal for FY 2018-2020 on all Federal Transit Administration financially assisted projects within the Department. The DBE Program covers federally assisted projects in the territory (St. Croix, St. Thomas and St. John).*

## I. Summary of the Goal Setting Process

The following is the summary of the FY 2018-2020 overall goal initiatives including determining the relative availability of DBEs in Transportation fields, and any necessary adjustments to the goal, consistent with 49 CFR Part 26.

### A. Identify Geographic Market Area and Project Activities with North American Industry Classification System (NAICS) Codes

1. Determine the Department of Public Works market area for procuring goods and services. The “All Firms” information was developed from the Virgin Islands Department of Licensing and Consumer Affairs. While this information is normally found in the Census’County Business Patterns, on the mainland, the US Virgins Islands status as a territory and its uniqueness in Government organizations renders this information unavailable in this form.
2. Select market area, based on the geographic area, which describes where, historically, the majority of successful bidders came from, and where the substantial majority of the contracting dollars were spent in the total territory of the US Virgin Islands. This establishes the geographic parameters for statistical analysis of the relative availability of DBEs.
3. Review the Department of Public Works proposed FY 2018-2020 projects for all highway construction and Transit Management in the territory in order to determine the types of projects/activities that will be federally assisted for this fiscal year, listing them according to their major NAICS codes.
4. Allocate the project activities and/or types of firms/services required by the major relevant NAICS codes needed to complete these projects. This allows you to show “all firms” and DBE firms and their NAICS codes within the selected geographic parameters in order to determine the relative availability of DBEs.

**B. STEP I: Determine the Relative Availability of DBEs in the Market Area**

1. Examine available data for the market area using previously identified NAICS codes to determine the total number of firms that perform the types of work/activities relevant to the proposed projects for FY 2018-2020.
2. Determine the initial relative availability of DBEs in the market area, only within the identified NAICS codes, using the following data source:
  - V.I. Department of Public Works, DBE Directory
  - University of the Virgin Islands, Small Business Development Center
  - V.I. Department of Licensing & Consumer Affairs
3. Count only the DBE firms by relevant NAICS codes that are capable of performing work relevant to the proposed FY 2018-2020 projects. Compare DBE firms to all firms in the same codes to determine the initial “relative availability” of DBE firms within the market area.
4. Calculate Step 1 DBE base figure, or the “weighted” baseline figure to determine the relative availability of DBE firms in all the relevant NAICS codes.

**C. STEP 2: Adjust the DBE Base Figure** for Local Market Conditions in accordance with 49 CFR Part 26.

**D. STEP 3: Calculate Race-Neutral/Race Conscious contract DBE goal split** by reviewing the history of DBE Participation on DPW/FTA assisted projects in previous years in highway construction and Transit Management to look for factors that indicate race neutral DBE accomplishments. For example, the amount by which the Department exceeded their established DBE goals in the past. The average amount by which the goals were exceeded could be evidence to support a projection of race neutral participation for FY 2018-2020.

**II. Goal Methodology: Detailed Application, Step 1 – DBE Base Figure**

**A. Amount of Goal**

The Department of Public Work’s overall goal for FY 2018 is 24.3% of the total federal dollars expended on all FTA assisted contracts. This is based on an estimate of \$6,500,000 the Department expects to let during this fiscal year. This translates into \$157,950.00 that the Department will expend in opportunities with the DBEs during this fiscal year.

**B. Determine the Market Area**

With input from DPW’s Planners and Office of Highway Engineering (OHE), it was determined, that the majority of successful bidders on projects in the past three years have been from the Virgin Islands. Therefore, the primary market area is the U.S. Virgin Islands.

**Table 1: Prime Contractors for Previous FTA –Funded Projects at DPW**

SUCCESSFUL BIDDER/ PRIME CONTRACTOR	PROJECT NAME	LOCATION
<b><i>Starting 3/01/017 – 3/01/19</i></b>		
.Route Match to install Intelligent Transmittal System \$524,636	Installation	St. Thomas
		St. Thomas
<b><i>Starting 12/7/16 – 4/6/17</i></b>		
ABC Concepts – Removal of fuel tanks at Vitran \$62,402.00	Professional Services	St. Thomas
<b><i>Starting</i></b>		
Steven E. Hutchins, AIA, Inc. \$41,000.00	Design Architectural Work	St, Croix
Chem. Check CO , Inc \$28,800.00	Drug / Alcohol Testing	Texas
Apex Construction \$1185,533,50	Repairs to the outside of VITRAN Building ( Fencing, Paving )	St. Thomas

**Table 2: Market Service Area – Construction – Virgin Islands Department of Public Works**

Market Service Area: U.S. Virgin Islands
--

**C. Determination of relevant NAICS codes**

Based on information provided by the engineers and DPW staff, a review of the previous year’s FY 2018 projects, a list of NAICS codes corresponding to the proposed FY 2018-2020 projects was developed, as shown below:

**Table 3: Federally Funded Projects Federal Transit Authority (FTA)**

PROJECT NAME	DATE	Contract Amount
<b>Starting 8/10/17</b>		
Vitran Bus Shelter Maintenance	Professional Services	\$11,722.39
Northwest Construction & Maintenance		
<b>Starting 5/26/17</b>		
Vitran Bus Shelter Maintenance	Professional Services	\$6,400.00
Northwest Construction & Maintenance		
<b>Starting 7/17/17</b>		
Vitran Bus Shelter Maintenance	Professional Services	\$16,445.00
Virgin Islands Industrial Services, LLC		

**D. Determination of Relative Availability of DBEs in Market Area compared to all Firms**

**Table 4: Availability of DBE Firms by relevant NAICS Code Type for FY 2018 Projects**

TYPE OF SERVICE	DBE FIRMS	All FIRMS
Heavy Construction (HC)	55	570
Heavy Equipment Rental/Trucking	62	185
Professional Services (PS)	5	90
Manufacturing (MF)	5	16
<b>TOTAL</b>	<b>122</b>	<b>861</b>

Sources:

- Department of Licensing & Consumer Affairs, U.S. Virgin Islands
- Virgin Islands Uniform Certification Program, DBE Directory, U.S. Virgin Islands
- Small Business Development Center, UVI U.S. Virgin Islands

\* Information for all construction firms not available by NAICS codes.

\*\* Unable to do weighting, because of unavailability of codes for “All Firms”

#### E. Final Determination of the DBE Base Goal

The Step 1 DBE Base Goal is usually derived by using a weighting process by which the percentage of dollars spent on various activities are multiplied by the percentage of relevant DBE firms to all relevant firms as indicated in Table 4 above.

In factoring the weighting process the VIDPW utilizes the DBEs in the numerator and overall contractors in the denominator. The VIDPW then shows the DBEs and overall number for each type of work generally done pursuant to the FHWA contracts (Heavy Construction/Heavy Equipment Rental/Professional Services/Manufacturing) Further each fraction is multiplied by the overall percentage of the FHWA contract dollars that type of work represents. As example, Heavy Construction represents forty percent (40%) of FHWA dollars expended on DBEs, then the fraction for heavy construction is multiplied by 0.4. Accordingly, Heavy Equipment represents forty five percent, Professional Services represents fifteen percent, and Manufacturing represents ten percent. These numbers were then factored to show the weighting calculations for each of those categories. The calculations are represented below:

**The DBE Base Goal for DPW is 24.3% using a combination of the weighted NAICS code methodology for DBEs, and non-weighted calculation for “total availability”, or “all firms”.**

$$.40 \frac{55}{570} Hvy Con + .150 \frac{62}{185} Hvy Eq + .002 \frac{5}{90} Prof Serv + .015 \frac{5}{16} Manu X 100 = 24.3\%$$

### III. Adjustment of the DBE Base Goal- Step 2:

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, is needed to the base figure in order to arrive at your overall goal” (26:45(d))*

#### A. Adjustment Factors to Consider HISTORICAL UTILIZATION AND ANALYSIS

When adjusting the base figure, the regulation recommends several types of evidence that can be used. These include:

***(i) Current capacity of DBEs to perform work on DOT assisted contracting programs as measured by the volume of work DBEs have performed in recent years.***

The historical overall DBE goals accomplished at the Department in FY 2015, 2016, 2017 & 2018 were examined relative to the above considerations.

The DBE participation rates represented as typical for all FHWA projects.

**Table 5:** Historic DBE Accomplishments for Reporting Periods, 2015 – 2017

Report Period	Approved DBE Goal	Total DBE % Achieved	Achieved Over/(Under)
2015-2016	24.3%	17%	(0%)
2016-2017	24.3%	20%	3%
2017-2018	24.3%	20%	3%
<b>MEDIAN</b>		20%	

The median DBE accomplishment for each of the reporting periods as shown above is **24.3%**, compared to the Department’s Step 1 DBE Base figure of **24.3%** for the base goal methodology described above.

#### B. Research

***(ii) Evidence from disparity studies conducted anywhere within your Jurisdiction, to the extent it is not already accounted for in your base figure ....***

***(iii) Data on employment, self-employment, education, training and union apprenticeship programs to the extent you can relate it to the***



***opportunities for DBEs to perform in your program (26:45, (d.))***

Meetings and discussions with the V.I. Department of Labor, University of the Virgin Islands' Small Business Development Center (SBDC), Economic Development Authority, and other related agencies revealed that no recent disparity studies for the territory are available. **Therefore, no quantifiable adjustment could be made to the base figure.**

#### **IV. Race Neutral - Step 3:**

The Virgin Islands Department of Public Works makes every opportunity to meet the maximum feasible portion of its overall goal by using race-neutral means of facilitating DBE participation. To this effort, the Department will use a combination of the following race-neutral means to increase DBE participation:

1. *Arranging solicitations, times for the presentation of bids, quantities, specifications, and delivery schedules in ways that facilitate DBEs, and other small business', participation (e.g., unbundling large contracts to make them more accessible to small businesses, requiring or encouraging Prime contractors to subcontract portions of work that they might otherwise perform with their own forces);*
2. *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);*
3. *Providing technical assistance and other services;*
4. *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;*
5. *Ensuring that Prime contractors are aware of and know how to obtain the approved DBE listing from the Virgin Islands Department of Public Works.*

The Department of Public Works estimates that in meeting its overall goal of 24.3% it will obtain 0% from race-neutral participation and 24.3 %through race conscious, or contract goals.

The basis for this split was derived from historical data on DBE participation, which showed that the median annual DBE accomplishment on FTA, DPW assisted projects in FY 2015-2017, was over the median annual goal. The median overall goal for this period was **24.3%**, while the median annual DBE participation achieved is **24.3%**. This indicates that the Department will focus its goal on race-neutral methods for FY 2015.

However, the Department will make adjustments on race-neutral and race-conscious participation, as needed, to reflect the actual DBE participation (26:51(f)) and will track race-neutral and race-conscious participation separately. These reports will include the following:

- DBE participation through a Prime contract that DBE obtains through customary competitive procedures;
- DBE participation through a subcontract on a Prime contract that does not carry a DBE goal;
- DBE participation on a Prime contract exceeding a contract goal; and
- DBE participation through a subcontract from a Prime contractor that did Not consider a firm's DBE status in making the award.

The Department 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 through the use of race-neutral means. The Department will establish contract goals only on the DOT-funded contracts that have subcontracting opportunities.

## **V. Publishing the Goal**

The Department of Public Works published a notice of the proposed overall goal, informing the public that the proposed goal and its rationale would be available for inspection at the Department's DBE Office on St. Croix and St. Thomas respectively for 30 days following the Date of Notice. Additionally, the Department accepted comments on the goal for 45 days from the date of the Notice.

**The Department will begin using the 24.3% DBE goal effective October 1, 2018.**

### **Resource Listing:**

#### **A. Agencies Contacted**

1. Virgin Islands Department of Labor
2. Virgin Islands Economic Development Authority
3. Small Business Development Agency (SBDA) Virgin Islands
4. Department of Public Works – OHE
5. Federal Highway Administration (FHWA) Puerto Rico Division
6. Federal Highway Administration Eastern Federal Lands Division

## **B. Resource Documents**

1. Department of Public Works Territorial Transportation Improvements Program
2. Department of Public Works Disadvantaged Business Enterprise Directory
3. Department of Transportation (DOT) Uniform Report of DBE Awards or Commitments and Payments
4. Federal Highway Administration (FHWA) Eastern Federal Lands Highway Division Engineering/Construction Reports
5. VI Department of Public Works DBE Program Document
6. Code of Federal Regulations 49, Part 26
7. VI Department of Licensing and Consumer Affairs
8. Office of the Lt. Governor

