

DEPARTMENT OF PUBLIC WORKS
United States Virgin Islands

2020 - 2022

FEDERAL TRANSIT ADMINISTRATION
DISADVANTAGED BUSINESS ENTERPRISE (DBE)
GOAL METHODOLOGY



SHARON CHALLENGER

Civil Rights Program Manager
Department of Public Works
6002 Estate Anna's Hope
Christiansted, VI 00820-4428
340.773.1290 EXT 2272
sharon.challenger@vi.gov



INTRODUCTION

Pursuant to Title 49 Code of Federal Regulations (CFR) Part 26 Participation by Disadvantaged Business Enterprises in Department of Transportation Financial Assistance Programs, the Virgin Island Department of Public Works (VIDPW) sets forth its Triennial Disadvantaged Business Enterprise (DBE) Goal and corresponding goal-setting methodology for the three year Federal Fiscal **Year (FFY) goal period of 2020-2022 (October 1, 2020 through September 30, 2022)**. The purpose of the DBE goal setting process is to ensure nondiscrimination in the award and administration of Federal Transit Administration (FTA) assisted contracts, to create a level playing field on which DBEs can compete fairly for those contracts, and to ensure the DBE Program is narrowly tailored in accordance with applicable law.

PROPOSED OVERALL GOAL FOR FY 2020 through 2022

The U.S. Virgin Islands Department of Public Works (VIDPW) respectfully submits the Disadvantaged Business Enterprise (DBE) Goal Methodology Report for FY 2020-2022 on the U.S. Department of Transportation assisted contracts. The projects that the VIDPW expects to receive USDOT funding and that have a DBE contracting opportunity during the next three fiscal years, excluding buses account for approximately \$10,400,00 of which \$1,571,440 is projected for DBE participation, for an annual goal of **15.11%**.

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 internal discussion with VIDPW Capital Improvement Projects Managers, VIDPW Office of Public Transportation, USVI DBE Directory, and the USVI Department of Licensing & Consumer Affairs, VIDPW determined that its market area consists of the US Virgin Islands.**

THE LOCAL MARKET AREA

The Local Market Area is based on two factors: where the majority of all firms – DBE contractors/subcontractors and the non-DBE contractors/subcontractors – are located with whom the VIDPW does business, and where the majority of the contracting dollars are spent by VIDPW on FTA assisted projects. For purposes of this methodology, the U.S. Virgin Islands is the location the majority of firms with VIDPW does business, and where the majority of contracting dollars are spent.

In terms of the current certification in the VIDPW's DBE Directory, DBE firm's certification is achieved under the USVI Department of Public Works Unified Certification Program. The firms certified in the VIDPW directory are a representation of actual availability of DBE and DBE-eligible firms in the local market area.

The distribution of federally-aid construction projects that are put to bid is in accordance with the Office of Public Transportation's State Transportation Improvement Program (STIP), plan which outlines construction projects for the local market, within the next (or subsequent) **five** years in the local market. Any firm may participate in federally funded construction/transportation projects as long as they comply with state and federal regulations.

STEP 1:

DETERMINATION OF BASE FIGURE (§ 26.45(c))

To establish the DBE goal, the base figure is intended to be a measurement of the current percentage of businesses that are DBEs. VIDPW did a brief analysis of the federally assisted contract bidders' list records for federal fiscal years FFY2017 – FFY2019. It includes firms that have expressed an interest in participating pre-bid, bid meetings, have submitted bid(s) and or proposal on federal projects; or have marketed, solicited, received contracts/subcontracts, design contract awards and purchase orders in which the total value is above the small purchase threshold of \$50,000. To reassess the overall base figure of the relative availability of ready, willing, and able DBEs within the VIDPW's market were the available records for VIDPW's projects and procurements during federal fiscal years 2017-2019.

The total number of all participating firms soliciting, received award or purchase orders for assisted contracts and /or subcontracts came to a total amount of nine hundred and sixty (960) firms available, ready, willing and able that bid or offered quotations during that period. Of those, only one hundred and twenty-seven (127) are DBEs ready, willing, and able actively pursuing contracting/subcontracting opportunities during the past fiscal year.

We have divided the number of DBE bidders (127 ready, willing, and able) by the number of all business relative to our overall bid tabulation (960) to derive a base figure for the overall annual DBE Goal participation.

$$\text{Base figure} = \frac{\text{Ready, willing and able DBEs (127)}}{\text{All firm ready, willing, and able (960)}} = 13.22\%$$

The information for DBE firm participation in the numerator came from the DBE Directory of certified firms. When we divided the numerator by the denominator (as shown above the base figure for our overall goal was 13.22 percent.

$$\frac{127 \text{ AVAILABLE DBEs}}{960 \text{ TOTAL AVAILABLE FIRMS}} = \frac{127}{960} = 13.22\%$$

The information provided was taken from the Department of License & Consumer Affairs and the Department of Property & Procurement bidders list consisting of information on DBE and non-DBE firms that bid/quote or participate on pre-bid meetings, design project contract award reports and information pertaining to DBE participation on federally assisted projects

THE VIRGIN ISLANDS' FISCAL YEAR 2020, 2021 and 2022

The VIDPW identified all FTA assisted contracts with associated NAICS Codes for Fiscal Year 2020 – 2022 are as follows:

FY 2020			
Project Name	Total Cost	Activity	NAICS Codes
Task Order Consultant	\$ 350,000.00	Professional Services	541380
Bus Stop Signs	\$19,500.00	Support Road Activity	488490

FY 2021			
Project Name	Total Cost	Activity	NAICS Codes
Bus Terminal Improvement STX	1,200,000.00	Poured Concrete Carpentry Masonry Painting Earth Change Prep HVAC & Plumbing Other Specialty Trade Electrical Contractor General Contractor	238110 238350 238140 238320 238910 238220 238990 238210 236220
Design Architectural Work	\$450,000.00	Architectural Professional Services	541310

FY 2022			
Project Name	Total Cost	Activity	NAICS Codes

STEP 2: ADJUSTMENTS OF THE BASE FIGURE (§ 26.45(d))

In accordance with (49 CFR Part 26) the regulations require that additional evidence be considered to determine what adjustments, if any, are needed to the base figure to ensure a narrowly tailored overall goal. The evidence available to determine if an adjustment is needed, is the capacity of DBEs by the past volume of work performed during year 2017-2019.

Based on past performance, VIDPW analyzed historic participation of DBEs on FTA funded projects. Past participation for DBEs has been 20% in 2017, 17% for 2018 and 20% for 2019. The medium value for DBE past participation is 17% giving us a representation of the capacity of the DBEs to perform work in VIDPW’s contracting program. The table shown below is a summary of the expenditures in federally funded contracts awarded and expenditures in which DBE participation was counted.

Year Total Race Neutral DBE Utilization

Federal FY	DBE Goal	Total Expenditures	DBE Expenditures	DBE % Participation
2017	19.0%	\$ 210,667	\$ 40,026.00	20.%
2018	17.0%	\$ 959,367	\$ 182,279.00	17.%
2019	20.0%	\$ 8,400,000	\$ 1,680,000.00	20.%

Consider VIDPW’s historic utilization of DBEs. The median value for DBE participation for Fiscal Years 2017, 2018, 2019, is 17%. This average was obtained by adding together the Step One percentage (13.22%) and the median participation percentage (17%) divided by 2 to obtain an **adjustment of 15.11% for the Step One Base Figure past participation**. There are no disparity studies available for the VIDPW documenting past discrimination which could be used for this adjustment.

DBEs expenditures data gives us a picture of the capacity of the DBEs to perform work. There is no guarantee that could assure that next year’s DBE participation will be as effective as the performance of previous years (2017-2019). At present, the general economic situation after hurricanes Irma and María has left many companies without operational liquidity, and the access to capital and financial alternatives are being limited, particularly in the construction industry.

VIDPW’s budget volume for federal projects is expected to be the same for the next three years due to the economic situation. Nothing has change from previous years. According to the Office of Public Transportation, the amount stipulated is approximately \$ 7 million dollars. There are no major projects in the immediate forecast of federally assisted projects in which we can reasonably expect a significant increase in the level of subcontracting opportunities for DBEs.

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 projects that 15.11% overall goal for the coming three federal fiscal years is achievable through race gender-neutral and race conscious means. Since the population in U.S. Virgin Islands is defined by the regulation is Black (76% as of 2000 census;) However the majority of Prime Contractors as bidders and participants bidding in the agency are **not** considered minority business enterprises - and for that reason, after the review of the overall DBE participation, *VIDPW has chosen 10.58% race gender-neutral and 4.53% race conscious as contracting methods to our DBE 15.11% goal for FFY 2021-2023. Race conscious participation for past years have been an average of 5.75%.*

The average of our total DBE attainment over the last 3 years is 19% (20%, 17%, and 20%) and the average race conscious attainment for the same time period was 5.75%. Therefore, the average race neutral participation was 13.25% and 5.75% for race conscious participation.

The relative race neutral attainment was $13.25\% / 19\% \text{ total attainment} = .70$.

$0.70 \text{ relative attainment} \times \text{our proposed goal of } 15.11\% = 10.58\% \text{ absolute race neutral attainment.}$

VIDPW therefore anticipates meeting a race neutrally goal of 10.58% and the portion anticipates meeting via race conscious means a goal of 4.53%.

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:

- DBE Directory available to all potential prime contractors via VIDPW website page.
- Arranging solicitations, times for the presentation of bids, quantities, specifications, and delivery schedules in ways that facilitate DBEs, and other small business', participation.
- 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.
- Provide information on certification procedures, subcontracting, and bonding requirement, if needed.

- Ensuring that Prime contractors are aware of and know how to obtain the approved DBE listing from the Virgin Islands Department of Public Works.

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 FTA-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 15.11%, 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 FTA for its review and acceptance (26.47(c)).

PUBLISHING THE GOAL AND COMMENT PERIOD

VIDPW will publish a notice of the overall goal on October 16, 2020 soliciting comments, questions and input for a period of thirty (30) days following the date of notice. The notice will appear on the VIDPW website, advertise in the local newspapers, electronic media, and via media outlets on St. Croix, St. Thomas and St. John.

Due to COVID 19 Pandemic concerns a townhall meeting will be held virtually October 16, 2020. The Department will accept comments on the goal for 45 days from the date of the Notice. A copy of the DBE Goal & Methodology will be available upon request.

The comment period expired on _____ with the following results. *[Summarize the input received and note whether it requires an adjustment to the overall goal.]*