

VIRGINIA DEPARTMENT OF TRANSPORTATION

TRIENNIAL DBE OVERALL GOAL SUBMISSION

October 1, 2024 - September 30, 2026

This document constitutes the Virginia Department of Transportation submission of its Disadvantaged Business Enterprise (DBE) Overall Goal Setting Methodology Report to the United States Department of Transportation, Federal Highway Administration (FHWA) for Federal Fiscal Year (FFY) 2024, FFY 2025, and FFY 2026.

VIRGINIA TRIENNIAL DBE OVERALL GOAL SETTING METHODOLOGY

2024 – 2026
(Federal Fiscal Years, October 1 - September 30)

EXECUTIVE SUMMARY

The Virginia Department of Transportation (VDOT) submits this report to the Federal Highway Administration (FHWA) for the review and approval of the 2024 - 2026 Triennial Disadvantaged Business Enterprise (DBE) Overall Goal of **10.97%**. This goal includes a race/gender-conscious projection of **8.48%** and a race/gender-neutral projection of **2.49%**. VDOT shall make good faith efforts to meet the overall DBE goal each year during the triennial period. This report was constructed based on the best available information from VDOT, as well as government-published secondary data.

The goal was derived in the following manner:

- A base goal of **10.44%** was computed.
- An adjustment to the base goal was made taking into consideration the median past participation of **11.49%**; thereby increasing the base goal to **10.97%**.
- The maximum portion of the adjusted goal is **8.48%** which is race/gender-conscious and the race-gender-neutral portion of the adjusted goal is **2.49%**.

Background

VDOT, as a recipient of the United States Department of Transportation (DOT) Financial Assistance Program, is required to establish and submit a triennial DBE overall goal for contract participation by disadvantaged business enterprises (DBEs), based on demonstrable evidence of the availability of ready, willing and able DBEs relative to all businesses that are ready, willing and able to participate on DOT-assisted contracts. This process begins with the determination of a base figure for the relative availability of DBEs and then, based on evidence, a determination of whether the base figure requires adjustments to arrive at the overall goal. VDOT's goal setting methodology follows these requirements.

Methodology and Data Sources

The calculations to determine the base figure are made in order to measure the relative availability of DBE firms or firms that could be certified as DBE firms to perform the types of prime and subcontract work that VDOT contracts. The methodology used determines the percentage of DBE firms that are ready, willing and able to respond to solicitations for the types of work that VDOT will be performing during the 2024 - 2026 federal fiscal years (FFYs).

VDOT considered the methods recommended in the amended 49 CFR 26.45 (c) and the "Tips for Goal-Setting in the Disadvantaged Business Enterprise (DBE) Program" in the establishment of a base figure: the use of the Virginia Department of Small Business and Supplier DBE Directory and 2020 Disparity Study, U.S. Census Bureau Data, Bidders Lists, the Goal of Another DOT Recipient, and Alternative Methods. VDOT determined that the appropriate methodology was to use the DBE Vendor Directory of the Virginia Unified Certification Program, the Virginia Small, Women and Minority-owned (SWaM)

Vendor Directory and Diversity Spend by Functional Area Reports Data, the U.S. Census Bureau’s Economic Census Data, and VDOT’s Bidders List data to determine the base figure. The information utilized from the U.S. Census Bureau’s Economic Census Data consisted of data for firms located throughout Virginia, NAICS codes, minority status and female gender.

Consultation and Publication to Facilitate Public Input

A public notice of the proposed DBE Overall Goal of **10.97%** was published in **eleven** publications and on VDOT’s public website for the purpose of soliciting comments and public input. VDOT’s staff and industry contacts, DBE program stakeholders and the public were invited to participate in three telephone/internet/in-person conference presentations/discussions of the overall goal setting methodology.

STEP ONE - BASE FIGURE CALCULATIONS

Determination of the Local Market Area

During the past twelve (12) FFY quarters (April 1, 2020 – March 31, 2023), VDOT’s total contract expenditures were \$2,261,381,120.38 in five (5) major categories of contract service work: construction, architectural and engineering, information technology, non-Architectural and engineering professional and miscellaneous.

**VDOT Federally Funded Contract Expenditures by Industry Classification
(April 1, 2020 – March 31, 2023)**

Industry Classification	Total Dollars Expended	Percent
Construction Services	\$ 1,868,393,979.46	82.62%
Architectural and Engineering Professional Services	\$ 211,433,295.94	9.35%
Information Technology Services	\$ 69,085,431.05	3.06%
Non-Architectural and Engineering Professional Services	\$ 8,897,706.65	0.39%
Miscellaneous Services	\$ 103,570,707.28	4.58%
Total	\$ 2,261,381,120.38	100.00%

Expenditures for Construction services and Architectural and Engineering Professional Services represented 91.97% of all expenditures, thus indicating that Construction and Architectural and Engineering Professional Services are the primary industries to use in determining the local market area for VDOT.

In determining the market area for VDOT, an analysis was conducted of the locations of the substantial majority of all contractors and subcontractors with which VDOT did business with during the targeted time period of April 1, 2020 – March 31, 2023, as well as where the substantial majority of VDOT’s contract dollars were being spent.

During the past twelve (12) FFY quarters (April 1, 2020 – March 31, 2023), \$1,868,393,979.46 was expended by VDOT in construction industry contracts, resulting in contract payments to 836 firms (primes and their subcontractors). Ninety-four and ninety-four hundred thousandths percent (94.94%) of the contract expenditures (\$1,773,809,944.15) went to 772 firms in Virginia, which represented 92.34% of the 836 firms that received contract awards within the construction industry. Virginia met the 75% minimum threshold in both total expenditures and the number of firms receiving contracts, thus, other states were not considered for inclusion into VDOT’s local market area for construction contracts.

**VDOT Construction Contract Expenditures
(April 1, 2020 – March 31, 2023)**

STATE	Total Construction \$ (Prime and Sub)	Total Vendors	% of Expenditures	% of Firms
VA	1,773,809,944.15	772	94.94%	92.34%
NC	40,673,934.20	16	2.18%	1.91%
MD	23,772,445.59	25	1.27%	2.99%
WV	18,767,857.37	8	1.00%	0.96%
KY	5,569,616.90	3	0.30%	0.36%
NE	3,579,697.33	1	0.19%	0.12%
TN	1,126,589.94	3	0.06%	0.36%
DC	438,848.78	1	0.02%	0.12%
NJ	300,565.00	1	0.02%	0.12%
AK	177,462.54	1	0.01%	0.12%
DE	124,253.95	1	0.01%	0.12%
PA	17,478.33	1	0.00%	0.12%
CA	16,620.63	1	0.00%	0.12%
FL	14,716.00	1	0.00%	0.12%
IN	3,948.75	1	0.00%	0.12%
Grand Total	1,868,393,979.46	836	100.00%	100.00%

During the past twelve (12) FFY quarters (April 1, 2020 – March 31, 2023), \$211,433,295.94 dollars were expended by VDOT to 126 firms under Architectural and Engineering services contracts. Ninety-three and forty thousandths (93.40%) of the contract expenditures (\$197,479,774.16) went to 107 Virginia-based firms which represented 84.92% of the 126 firms; thereby exceeding the 75% threshold to establish the local market area as Virginia in both percentage of expenditures and the number of firms doing business with VDOT in the Architectural and Engineering professional services industry.

**VDOT Architectural and Engineering Professional Services Contract Expenditures
(April 1, 2020 – March 31, 2023)**

STATE	Total Architectural and Engineering Consulting \$ (Prime and Sub)	Total Vendors	% of Expenditures	% of Firms
VA	\$197,479,774.16	107	93.40%	84.92%
MD	\$11,804,049.68	10	5.58%	7.94%
PA	\$1,302,910.96	4	0.62%	3.17%
NJ	\$639,940.44	2	0.30%	1.59%
WV	\$159,613.00	1	0.08%	0.79%
NC	\$47,007.70	2	0.02%	1.59%
Grand Total	\$211,433,295.94	126	100.00%	100.00%

Combined, the total contract dollars expended by VDOT for the construction and Architectural and Engineering services industries between April 1, 2020 and March 31, 2023 was \$2,079,827,275.40, of which 89.83% was expended for contracts within the construction industry and 10.17% was expended for contracts within the professional services industry.

For future triennial goal analyses, VDOT continues to work to capture expenditures and firm data by NAICS codes in order to minimize manual determination of contract and expenditure categories.

NAICS Codes Considerations and Weighted Calculations

In using the relevant industry and demographic data from the U.S. Census Bureau in the Step One Base Figure calculations, VDOT focused upon the primary NAICS codes used in its Construction and Architectural and Engineering Professional Services industries contract work. The primary NAICS codes/descriptions and the category of work types used for VDOT contracts are as follows:

Category	NAICS Code	NAICS Code Description
Construction	237110	Water and Sanitary Sewer Line
	237310	Highway, Street and Bridge
	238910	Site Preparation
Professional Services	541330	Engineering Services
	541370	Surveying and Mapping (except Geophysical Services)

Total Weighted Calculations by Category

The potential number of DBE firms in the construction industry in VDOT’s local market area, which is comprised of the total number of minority-owned and female-owned construction firms in Virginia, (statewide), is 153. The total number of firms in Virginia, regardless of ownership status, is 1430. When the potential number of DBE firms is divided by the total number of firms, the relative availability of DBEs for the construction industry in VDOT’s local market area is 10.70%. When multiplied by the percentage of dollars expended by VDOT between April 1, 2020 – March 31, 2023, the total weighted calculation for the construction industry category is 9.61%.

The potential number of DBE firms in the professional services industry in VDOT’s local market area, which is comprised of the total number of minority-owned and female-owned construction firms in Virginia (statewide), is 136. The total number of firms in these locations, regardless of ownership status, is 1670. When the potential number of DBE firms is divided by the total number of firms, the relative availability of DBEs for the professional services industry in VDOT’s local market area is 8.14%. When multiplied by the percentage of dollars expended by VDOT in between April 1, 2020 – March 31, 2023, the total weighted calculation for the professional services category is .83%.

When the total weighted calculations for the Construction and Professional Services Industries Categories are added together, the total Step One Base Calculation for VDOT is **10.44%**, with the calculations indicated in Table I and as follows:

((153 Potential DBE Firms/1430 Construction Firms) x .8983) =	9.61%
((136 Potential DBE Firms/1,670 Professional Services Firms x .1017) =	0.83%
Total Step One Base Calculation	10.44%

The construction and professional services industry type categories were used as a basis to calculate a weighted percentage for each work type category, with a resultant aggregate percentage of **10.44%** for the Step One Base Figure calculation. Table I indicates the source of the data and the calculations utilized.

Table I
Step One Base Figure: Weighted Statistics of DBE Firms Ready, Willing, and Able to Perform Work for VDOT

STEP ONE BASE CALCULATIONS

	(Column B)	Virginia Firms								Virginia Totals			
		(Column E)	(Column G)	(Column I)	(Column K)	(Column U)	(Column V)						
Industry Category	TOTAL VDOT SPENDING (APRIL 1, 2020 - MARCH 31, 2023) (VDSBSD Data)	Primary NAICS Code/Descriptions Utilized for VDOT Projects		Total Numbers of All Firms Statewide ¹		Numbers of Minority-owned Firms ²		Numbers of Women-owned Firms ²		Total Numbers of Minority-owned and Women-owned Firms	Relative Availability of DBEs in Virginia (Column K/Column E)	Total Weighted Calculations by Category in Virginia (Column B x Column U)	
Construction	89.83%	237110	Water and Sewer Line and Related Structures Construction	312		33		9		42	10.70%	9.61%	
		237310	Highway, Street, and Bridge Construction	244	1430	53	122	13	31	66			153
		238910	Site Preparation Contractors	874		36		9		45			
Professional Services	10.17%	541330	Engineering Services	1438		94		28		122	8.14%	0.83%	
		541370	Surveying and Mapping (except Geophysical) Services	232	1670	8	102	6	34	14			136
				3100		224		65		289	10.44%		

Step One Base Figure Calculation is 10.44%

¹Source - U. S. Census Bureau Table ID AB1700CSA01

²Source - Combined Virginia DBE and SWaM Directories dated June 15, 2023

STEP TWO – ADJUSTMENT CALCULATIONS

In order to adjust VDOT’s Step One Base Figure to make it as precise as possible, all available evidence in VDOT’s jurisdiction was first evaluated to determine whether any adjustments were necessary. Considerations included past participation and bidders’ lists. It was concluded that past participation data would be utilized to accomplish the needed adjustment to the Base Figure calculation from Step One.

Median Past Participation

The median past participation for fiscal years 2015 - 2023 was determined to be **11.49%**, as indicated in the following table:

**Table II
Determining the Median Past Participation**

Fiscal Years	Federal Dollars	DBE Commitments	Percentage	Calculation of Median Value Percentage
2015 - 2016	939,597,950	59,085,631	6.29%	<div style="display: flex; align-items: center;"> <div style="font-size: 3em; margin-right: 10px;">}</div> <div> 6.29% 10.97% 10.98% 11.49% 12.89% 14.12% 14.30% </div> </div>
2016 - 2017	738,957,735	95,258,978	12.89%	
2017 - 2018	1,325,582,020	152,330,132	11.49%	
2018 - 2019	558,554,619	61,316,006	10.98%	
2020 - 2021	504,252,622	55,331,890	10.97%	
2021 - 2022	511,326,244	72,205,815	14.12%	
2022 - 2023	312,794,671	44,727,393	14.30%	
11.49%				

Step Two Adjustment with Median Past Participation

When averaged together, the Step One Base Figure (**10.44%**) and the median past participation figure (**11.49%**) equal the adjusted step two figure of **10.97%**:

$$((10.44\% + 11.49\%) / 2) = 10.97\%$$

CALCULATING THE RACE/GENDER-NEUTRAL AND RACE/GENDER-CONSCIOUS SPLIT

The race/gender-neutral and race/gender-conscious division of the overall goal is a vital component of the DBE goal setting process. VDOT intends to meet the maximum feasible portion of the overall goal by using a combination of race/gender-neutral and race/gender-conscious DBE participation. Following is the

basis of VDOT’s projections of the level of achievement of race/gender-neutral and race/gender-conscious participation and the supporting data.

The percentages by which VDOT’s contractors exceeded the aggregate of the specific project goals for FFYs 2015 - 2022 goals with contract commitments along with the race/gender-conscious and race/gender-neutral values for each fiscal year are documented in Table III - VDOT FEDERAL-AID CONTRACTS, FFY 2015 - 2016 THROUGH FFY 2022 - 2023.

The Virginia Overall DBE Goal for FFY 2024 - 2026 is **10.97%**, consisting of **8.48%** race/gender-conscious and **2.49%** race/gender-neutral DBE participation.

The calculations are as follows:

Virginia Overall DBE Goal for FFY 2024 – 2026	10.97%
Race/gender-neutral DBE goal	- <u>2.49%</u>
Total race/gender conscious goal	8.48%

Table III
VDOT FEDERAL-AID CONTRACTS
FFY 2012 - 2013 THROUGH FFY 2021 - 2022

FISCAL YEARS	TOTAL FHWA CONTRACT DOLLARS (Prime Contracts)	TOTAL DBE COMMIT DOLLARS	TOTAL COMMIT %	R/C COMMIT DOLLARS	R/C COMMIT %	R/N COMMIT DOLLARS	R/N COMMIT %
2015 - 2016	939,597,950.00	59,085,631.00	6.29%	35,775,959.00	3.81%	7,231,932.00	0.77%
2016 - 2017	738,957,735.00	95,258,978.00	12.89%	63,028,310.00	8.48%	32,230,668.00	4.36%
2017 - 2018	1,325,582,022.00	152,330,132.00	11.49%	136,411,122.00	10.29%	15,919,010.00	1.20%
2018 - 2019	558,554,619.00	61,316,006.00	10.98%	47,408,155.00	8.49%	13,907,851.00	2.49%
2020 - 2021	504,252,622.00	55,331,890.00	10.97%	48,548,900.00	9.63%	6,782,990.00	1.35%
2021 - 2022	511,326,244.00	72,205,815.00	14.12%	49,364,356.00	9.65%	22,841,459.00	4.47%
2022 – 2023	312,794,671.00	44,727,393.00	14.30%	27,144,319.00	8.68%	17,583,074.00	5.62%
TOTAL	4,891,065,863.00	540,255,845.00	-	407,681,121.00	-	116,496,984.00	-
MEDIAN	558,554,619.00	61,316,006.00	11.49%	48,548,900.00	8.68%	15,919,010.00	2.49%

PUBLIC PARTICIPATION

Public Participation Schedule

- June 29 – July 29, 2023: in-person forums/video-teleconferences and discussions with stakeholders and the public.
- June 29, 2023: draft of overall goal setting methodology posted on VDOT’s website.
- June 29 – June 30, 2023: notices regarding availability of the document on VDOT’s website and the public invitation/details for joining the in-person forums/video-teleconference/presentations and discussions.
- July 29, 2023: final date for receipt of any comments received (summarized in the public comment section below of this document)
- July 31, 2023: VDOT deadline for document submittal to the FHWA.

Public Consultation and Virtual Teleconferences

The regulations require that VDOT provide for consultation and public participation when establishing its overall goal. VDOT scheduled internal and industry meetings that began on July 17, 2023, to present the methodology, invite discussion and input, and gather information for its 2024 - 2026 DBE overall goal methodology submission. Members of the general public were invited to attend the teleconferences/internet presentations and discussions of the document, as well as women- and minority-owned business owners and representatives from the following organizations: Transportation DBE Association, Virginia Transportation Construction Alliance, Old Dominion Highway Contractors Association, Transportation DBE Advisory Committee, American Council of Engineers of Virginia, Central Virginia Business & Construction Association, National Society of Black Engineers, Virginia Beach Minority Business Council, Northern Virginia Black Chamber of Commerce, Metropolitan Business League, Virginia Hispanic Chamber of Commerce, and the Central Virginia African American Chamber of Commerce, and the Women’s Transportation Seminar (WTS).

Three virtual/teleconference/in-person meetings were held on July 17 and July 19, 2023, which served to present the document, both orally and visually, to the participants and invited discussion and public input as to the document, sources, and content.

Public Meeting and Consultation Schedule

	July 17, 2023 2:00 pm – 3:00 pm	Transportation Disadvantaged Business Enterprise Committee (TDAC) (virtual/teleconference/in-person format)	email invitations/notifications sent
	July 19, 2023 10:00 am – 11:00 am	DBE and Stakeholders (virtual/teleconference/in-person format)	email invitations/notifications sent
	July 19, 2023 2:00 pm – 3:00 pm	Public (virtual/teleconference/in-person format)	invitations/notifications published in eleven newspapers

Results of the Public Consultation and In-person Forums/Video-Teleconferences

Some of the key topics that were discussed included:

Topic	Response/Discussion
Concern from the owner of a DBE firm that the proposed DBE overall goal has been reduced by 0.20% from that of the current triennium (topic during the July 13, 2023, meeting of DBE firm owners in a Transportation DBE Association meeting in Chantilly, Virginia)	VDOT will share the background data with the firm supporting the proposed 10.97% triennial overall DBE goal during after the public meetings beginning on July 17, 2023.
Concern from two DBE firm owners that the DBE goals for VDOT work are non-existent or not high enough for projects (topic during the July 13, 2023, meeting of DBE firm owners in a Transportation DBE Association meeting in Chantilly, Virginia) in their area	The firms are in a less densely populated area of Virginia than the three major metropolitan areas (Northern Virginia, Hampton Roads and Richmond) and it was explained that the DBE goals for each contract are largely based upon having competition for bid items from DBE - certified firms in each area (usually a 75-mile radius) and the need for their subcontracting specialties. The two firms are located roughly 100 miles from each other in western Virginia, and both conveyed that it was their normal business practice to work within a wider radius than 75 miles and suggested that VDOT look at the DBE contracting patterns for the DBE firms with regard to how far they are travelling for work. VDOT will study the data behind the firm owners' request to have the goal setting area (with respect to individual contracts) expanded, discuss any potential ramifications for VDOT's DBE program, make any changes needed to the goal setting methodology, and notify the business owners of any changes made.
Background data request for VDOT's 2024 – 2026 Triennial DBE Overall Goal from a DBE firm owner (during the July 13, 2023, meeting of DBE firm owners in a Transportation DBE Association meeting in Chantilly, Virginia)	VDOT will share the excel data file via thumb drive during the week of July 17, 2023, with interested parties.
In-Person Forums/Video Teleconferences	TBD

VDOT has effectively engaged in public outreach and has provided an opportunity for business owners, industry associations, and community groups to participate in discussions relevant to the goal setting process and reasonably considered the comments and questions received. Therefore, VDOT believes that the proposed triennial overall DBE goal for FFYs 2024 - 2026 of **10.97%** accurately reflects the ready, willing, and able DBE firms for participation on federally funded contracts.

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PUBLIC NOTICE

**Virginia Department of Transportation
Disadvantaged Business Enterprise (DBE)
Overall Triennial Goal on FHWA-Funded Projects
For Federal Fiscal Years October 1, 2023 – September 30, 2026**

The Virginia Department of Transportation (VDOT) as required by the U.S. Department of Transportation's regulations, contained under 49 CFR Part 26, announces the proposed Disadvantaged Business Enterprise triennial goals for contractible opportunities administered through VDOT and funded by the U.S. Department of Transportation (USDOT).

The DBE Triennial Overall Goal is **10.97%** of the federal financial assistance to be expended on VDOT contracts and is effective from October 1, 2023 – September 30, 2026. The race/gender-conscious portion of the goal is **8.48%** and the race/gender-neutral portion of the goal is **2.49%**. The DBE overall goal is based upon demonstrable evidence of the availability of ready, willing, and able DBEs relative to all businesses ready, willing, and able to participate on DOT-assisted contracts.

The methodology used in establishing the overall goal will be available for review, inspection, and comment until Saturday, July 29, 2023 at <http://www.virginiadot.org/business/bu-civil-rights-home.asp> and at the following email address from 9:00 a.m. – 4:00 p.m.:

Sharon Plymire
Virginia Department of Transportation
Civil Rights Division
sharon.plymire@vdot.virginia.gov
804-786-4441

You are also welcome to attend a public meeting, using one of the three methods below, and comment at a visual/teleconference presentation of the methodology used to establish the DBE Triennial Overall Goal on **Wednesday, July 19, 2023** at 2:00 p.m.

1. Join the meeting on your computer, mobile app, or room device:

<https://www.microsoft.com/microsoft-teams/join-a-meeting>

Meeting ID: 236 829 587 36

Passcode: EE7pGM

2. Call in (audio only):

+1 434-230-0065, 642634811# United States, Lynchburg

Phone Conference ID: 642 634 811#

3. Join in person:

Business Opportunity & Workforce Development (BOWD) Center
6000 Elko Tract Road, Sandston, Virginia 23150
804-328-3002

Please use the front entrance. Check in at the front desk with your photo ID to receive a visitor's pass.
Free parking is located on the side and rear of building.

All comments and any questions should be sent to Sharon Plymire by email at sharon.plymire@vdot.virginia.gov or by phone at 804-786-4441.

In accordance with 49 CFR §26.45, VDOT issued a public notice announcing VDOT's overall DBE goal and informed the public that the proposed goal and its rationale were available for inspection and comment during normal business hours at VDOT's public website for at least 30 days following the date of the notice and that VDOT and the Federal Highway Administration (FHWA) would accept comments regarding the goal for at least 30 days from the date of posting of the public notice. The VDOT notice included an email address to which comments could be sent and was published in general circulation media and available minority-focused media. Notices were also sent to several business owners and organizations which are directly or indirectly associated with the DBE program in Virginia.

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