

# **VIRGINIA DEPARTMENT OF TRANSPORTATION**

**PROPOSED**

## **TRIENNIAL DBE OVERALL GOAL SUBMISSION**

October 1, 2020 – September 30, 2023

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) 2021, FFY 2022, and FFY 2023.

# VIRGINIA TRIENNIAL DBE OVERALL GOAL SETTING METHODOLOGY

2021 – 2023  
(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 2021 – 2023 Triennial Disadvantaged Business Enterprise (DBE) Overall Goal of 11.18%. This goal includes a race/gender-conscious projection of 8.54% and a race/gender-neutral projection of 2.64%. 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 11.38% was computed;
- An adjustment to the base goal was made taking into consideration the median past participation of 10.98%; thereby reducing the base goal to 11.18%.
- The maximum portion of the adjusted goal is 8.54% which is race/gender-conscious and the race-gender-neutral portion of the adjusted goal is 2.64%.

### 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 is in compliance with 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 2021 – 2023 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 DBE Directory, U.S. Census Bureau Data, Bidders Lists, Disparity Studies, 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, 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.

## STEP ONE - BASE FIGURE CALCULATIONS

### Determination of the Local Market Area

In FFYs 2017 - 2019, VDOT’s total expenditures were \$2,623,094,376 in six (6) major categories of work: construction, professional services, infrastructure maintenance, supplies, transportation of materials, and miscellaneous services.

### FFY 2017 - 2019 Federally Funded Contract Expenditures by Industry Classification

Industry Classification	Total Dollars Expended	Percent
Construction	\$ 2,261,297,545.37	86.21
Professional Services	\$ 330,498,069.98	12.60
Infrastructure Maintenance (Tunnels)	\$ 21,842,507.63	0.83
Supplies	\$ 1,269,003.99	0.05
Transportation of Materials	\$ 493,216.72	0.02
Miscellaneous Services	\$ 7,694,032.31	0.29
<b>Total</b>	<b>\$ 2,623,094,376.00</b>	<b>100.00</b>

Expenditures for construction and professional services represented 98.81% of all expenditures; this indicates that construction and 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 substantial majority of all contractors and subcontractors with which VDOT did business with during FFYs 2017 – 2019, as well as where the substantial majority of VDOT’s contract dollars were being spent.

For FFYs 2017 - 2019, \$2,261,297,545.37 was expended by VDOT in construction industry contracts, resulting in contract payments to 1367 firms (primes and their subcontractors). Eighty two and seventy one hundred thousandths percent (82.71%) of the contract expenditures (\$1,870,240,009.95) went to 1131 firms in Virginia, which represented 82.74% of the 1367 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, states were not considered for inclusion into VDOT’s local market area for construction contracts.

### FFYs 2017 - 2019 Construction Contract Expenditures

STATE	Total Construction \$ (Prime and Sub)	Total Vendors	% of Expenditures	% of Firms
VA	1,870,240,009.95	1131	82.71%	82.74%
MD	62,893,766.62	64	2.78%	4.68%
CT	56,485,619.08	3	2.50%	0.22%
PA	48,247,038.57	23	2.13%	1.68%
WV	42,859,205.41	18	1.90%	1.32%
NY	39,408,850.06	3	1.74%	0.22%
NC	37,409,262.32	34	1.65%	2.49%
KY	25,130,578.90	5	1.11%	0.37%
DC	22,336,420.87	9	0.99%	0.66%
IN	12,359,460.11	2	0.55%	0.15%
TX	10,606,988.19	5	0.47%	0.37%
OH	8,269,295.97	12	0.37%	0.88%
TN	4,901,316.25	7	0.22%	0.51%
GA	4,509,544.14	3	0.20%	0.22%
ME	3,991,970.14	2	0.18%	0.15%
AZ	1,798,492.59	1	0.08%	0.07%
DE	1,781,488.47	2	0.08%	0.15%
FL	1,491,201.47	10	0.07%	0.73%
-	1,146,323.53	12	0.05%	0.88%
AR	1,075,711.84	2	0.05%	0.15%
MI	1,073,346.12	1	0.05%	0.07%
NM	950,679.00	1	0.04%	0.07%
AL	795,490.94	1	0.04%	0.07%
CA	431,394.15	2	0.02%	0.15%
IL	343,949.95	2	0.02%	0.15%
SC	299,207.71	5	0.01%	0.37%
WA	162,407.47	2	0.01%	0.15%
MN	95,204.16	1	0.00%	0.07%
WI	86,421.40	1	0.00%	0.07%
NJ	53,740.14	1	0.00%	0.07%
KS	50,104.50	0	0.00%	0.00%

UT	8,522.00	1	0.00%	0.07%
MA	4,533.35	1	0.00%	0.07%
<b>Grand Total</b>	<b>2,261,297,545.37</b>	<b>1367</b>	<b>100.00%</b>	<b>100.00%</b>

- Location data unavailable

For FFYs 2017 - 2019, \$330,498,069.98 dollars were expended by VDOT to 198 firms under professional services contracts. Ninety three and seventy five one thousandths (93.75%) of the contract expenditures (\$309,831,080.16) went to 161 Virginia-based firms which represented 81.31% of the 198 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 professional services industry.

### FFYs 2017 - 2019 Professional Services Expenditures

STATE	Total Consulting (Prime and Sub)	Total Vendors	% of Expenditures	% of Firms
VA	\$309,831,080.16	161	93.75%	81.31%
MA	\$11,786,033.49	1	3.57%	0.51%
DC	\$1,069,745.28	5	0.32%	2.53%
MD	\$1,852,963.44	10	0.56%	5.05%
SD	\$1,535,420.17	1	0.46%	0.51%
PA	\$1,173,238.23	2	0.35%	1.01%
NC	\$961,838.24	3	0.29%	1.52%
FL	\$819,898.56	2	0.25%	1.01%
TX	\$777,322.35	2	0.24%	1.01%
OH	\$331,054.97	1	0.10%	0.51%
TN	\$105,038.18	1	0.03%	0.51%
CO	\$79,399.61	2	0.02%	1.01%
MO	\$50,129.00	1	0.02%	0.51%
GA	\$41,425.04	1	0.01%	0.51%
-	\$38,000.00	1	0.01%	0.51%
KY	\$14,376.66	1	0.00%	0.51%
OK	\$11,553.08	1	0.00%	0.51%
IL	\$11,231.14	1	0.00%	0.51%
WA	\$8,322.38	1	0.00%	0.51%
<b>Grand Total</b>	<b>\$330,498,069.98</b>	<b>198</b>	<b>100.00%</b>	<b>100.00%</b>

- Location data unavailable

Combined, the total dollars expended by VDOT for the construction and professional services industries in FFYs 2017 – 2019 was \$2,591,795,615.35, of which 87.25% was expended for contracts within the construction industry and 12.75% was expended for contracts within the professional services industry.

For future triennial goal analyses, VDOT is working 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 order to use 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 Professional Services industries contract work. The primary NAICS codes/descriptions and the category of work types used for VDOT contracts are as follows:

<b>Category</b>	<b>NAICS Code</b>	<b>NAICS Code Description</b>
Construction	237110	Water and Sanitary Sewer Line
	237310	Highway, Street and Bridge
	238910	Site Preparation
	484220	Materials Transportation
Professional Services	541330	Engineering Services
	541370	Surveying and Mapping (except Geophysical) Services

Although NAICS codes/descriptions are typically utilized by VDOT when considering DBE participation, the U. S. Census Bureau, and in general, the Federal Government, it should be noted here that some of the sources utilized (the Virginia Small, Women and Minority-owned (SWaM) Vendor Directory and VDOT’s Bidders List) do not utilize NAICS codes. However, the industry classifications for the firms not represented by NAICS codes have been manually converted to NAICS codes so that the aggregate data from those sources could be utilized in these calculations.

### **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 210. The total number of firms in Virginia, regardless of ownership status, is 2174. 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 9.66%. When multiplied by the percentage of dollars expended by VDOT in FFYs 2017 - 2019, the total weighted calculation for the construction industry category is 8.43%.

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 387. The total number of firms in these locations, regardless of ownership status, is 1,670. 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 23.17%. When multiplied by the percentage of dollars expended by VDOT in FFYs 2017 - 2019, the total weighted calculation for the professional services category is 2.96%.

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 **11.38%**, with the calculations indicated in Table I and as follows:

((210 Potential DBE Firms/2174 Construction Firms) x .8725) =	8.43%
((395 Potential DBE Firms/1,670 Professional Services Firms x .1275) =	2.96%
<b>Total Step One Base Calculation</b>	<b>11.38%</b>

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 **11.38%** 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**

			Virginia Firms*								Virginia Totals	
<i>(Column B)</i>			<i>(Column E)</i>		<i>(Column G)</i>		<i>(Column I)</i>		<i>(Column K)</i>		<i>(Column U)</i>	<i>(Column V)</i>
Industry Category	% of Dollars Expended by VDOT in FFYs 2017 - 2019 <i>(VDOT Data)</i>	Primary NAICS Code/Descriptions Utilized for VDOT Projects	Number of Firms (statewide)		Number of Minority-owned Firms		Number of Women-owned Firms		Total of Minority-owned and Women-owned Firms		Relative Availability of DBEs in Virginia <i>(Column K/Column E)</i>	Toal Weighted Caculations by Category in Virginia <i>(Column B x Column U)</i>
Construction	87.25%	237110 Water and Sewer Line and Related Structures Construction	303		22		9		31		9.66%	8.43%
		237310 Highway, Street, and Bridge Construction	244	2174	34	172	12	38	46	210		
		238910 Site Preparation Contractors	874		20		6		26			
		484220 Materials Transportation	753		96		11		107			
Professional Services	12.75%	541330 Engineering Services	1438	1670	209	212	170	175	379	387	23.17%	2.96%
		541370 Surveying and Mapping (except Geophysical) Services	232		3		5		8			
			3844		384		213		597		<b>11.38%</b>	

**Step One Base Figure Calculation is 11.38%**

\* Virginia DBE Directory, Virginia SWaM Directory, VDOT Bidders' List, U. S. Census Bureau Table ID AB1700CSA01

## 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 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 2012 - 2019 was determined to be **10.98%**, 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
2012 - 2013	1,018,504,942	68,445,496	6.72%	6.17%
2013 - 2014	1,005,685,152	113,273,589	11.26%	6.29%
2014 - 2015	950,162,471	58,601,531	6.17%	6.72%
2015 - 2016	939,597,950	59,085,631	6.29%	10.98%
2016 - 2017	738,957,735	95,258,978	12.89%	11.26%
2017 - 2018	1,325,582,02	152,330,132	11.49%	11.49%
2018 - 2019	558,554,619	61,316,006	10.98%	<u>12.89%</u> <b>10.98%</b>

### Step Two Adjustment with Median Past Participation

When averaged together, the Step One Base Figure (11.38%) and the median past participation figure (10.98%) equal the adjusted step two figure of 11.18%.

$$((11.38\% + 10.98\%)/2) = \mathbf{11.18\%}$$

## 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 2012 – 2019 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, FY 2012 - 2013 through FY 2018 – 2019.

The Virginia Overall DBE Goal for FFY 2021 - 2023 is **11.18%**, consisting of 7.35% race/gender-conscious and 3.45% race/gender-neutral DBE participation.

The calculations are as follows:

<b>Virginia Overall DBE Goal for FFY 2021 - 2023</b>		<b>11.18%</b>
<b>Race/gender-neutral DBE goal</b>	<b>-</b>	<b><u>2.64%</u></b>
<b>Total race/gender conscious goal</b>		<b>8.54%</b>

**Table III**  
**VDOT FEDERAL-AID CONTRACTS**  
**FY 2012 - 2013 THROUGH FY 2018 – 2019**

<b>FISCAL YEARS</b>	<b>TOTAL FHWA CONTRACT DOLLARS (Prime Contracts)</b>	<b>TOTAL DBE COMMIT DOLLARS</b>	<b>TOTAL COMMIT %</b>	<b>R/C COMMIT DOLLARS</b>	<b>R/C COMMIT %</b>	<b>R/N COMMIT DOLLARS</b>	<b>R/N COMMIT %</b>
2012-2013	\$1,018,504,942	\$68,445,496	6.72%	\$37,192,840	3.65%	\$31,252,656	3.07%
2013-2014	\$1,005,685,152	\$113,273,589	11.26%	\$31,356,886	2.64%	\$81,836,023	8.14%
2014-2015	\$950,162,471	\$58,601,531	6.17%	\$33,543,887	3.53%	\$25,057,645	2.64%
2015-2016	\$939,597,950	\$59,085,631	6.29%	\$35,775,959	3.81%	\$7,231,932	0.77%
2016 - 2017	\$738,957,735	\$95,258,978	12.89%	\$63,028,310	8.53%	\$32,230,668	4.36%
2017 - 2018	\$1,325,582,022	\$152,330,132	11.49%	\$136,411,122	10.29%	\$15,919,010	1.20%
2018 - 2019	\$558,554,619	\$61,316,006	10.98%	\$47,408,155	8.49%	\$13,907,851	2.49%
<b>TOTAL</b>	<b>\$6,537,044,891</b>	<b>\$608,311,363</b>	<b>-</b>	<b>\$384,717,159</b>	<b>-</b>	<b>\$207,435,785</b>	<b>-</b>
<b>MEDIAN</b>	<b>\$950,162,471</b>	<b>\$61,316,006</b>	<b>10.98%</b>	<b>\$35,775,959</b>	<b>3.81%</b>	<b>\$25,057,645</b>	<b>2.64%</b>



## PUBLIC PARTICIPATION

### Public Participation Schedule

July 16 – August 24, 2020: public participation via consultation and telephone conferences.

- July 16, 2020: link to proposed overall DBE goal setting methodology posted on VDOT's website and email notification of document availability and public teleconference schedule sent to DBE program stakeholders.
- July 19 – 23, 2020: notification of link to proposed overall DBE goal setting methodology as posted on VDOT's website and public teleconference details published in newspapers throughout Virginia and Washington, D.C.
- July 21, 2020: two public teleconferences for VDOT DBE program stakeholders.
- July 23, 2020: public teleconference for the general public (instructions for joining the teleconference are on page 12 of this document)
- August 24, 2020: final date for receipt and incorporation of any comments received.
- August 25, 2020: deadline for document submittal to the FHWA.

## PUBLIC NOTICE

### **Virginia Department of Transportation Disadvantaged Business Enterprise (DBE) Overall Triennial Goal on FHWA-Funded Projects For Fiscal Years October 1, 2020 – September 30, 2023**

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 11.18% of the federal financial assistance to be expended on VDOT contracts and is effective from October 1, 2020 – September 30, 2023. The race/gender-conscious portion of the goal is 8.54% and the race/gender-neutral portion of the goal is 2.64%. 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 Thursday, **August 27, 2020** 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 and comment at a visual/teleconference presentation of the methodology used to establish the DBE Triennial Overall Goal on **Thursday, July 23, 2020** at 2:00 p.m., utilizing the following methods:

Join with GOOGLE MEET:

**[meet.google.com/oeu-hqnm-fmq](https://meet.google.com/oeu-hqnm-fmq)**

Join by telephone:

**1 562-354-3574 PIN: 991 570 745#**

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