

**The North Dakota Department of Transportation  
(Local Government - Transit Section)**

**DBE Goal Setting Methodology FY2014-2016**

**For**

**U.S. Department of Transportation  
Federal Transit Administration**

**June 30, 2014**

# FTA DBE GOAL-SETTING METHODOLOGY

June 30, 2014

The North Dakota Department of Transportation (NDDOT), in accordance with Federal Transit Administration (FTA) Guidelines (49 CFR Part 26), and in consultation with FTA documentation “Tips for Goal-Setting in the Disadvantaged Business Enterprise (DBE) Program” have established NDDOT DBE Triennial Participation Goal for FY 2014-2016.

## NDDOT’s FY 2014-2016 FTA DBE Goal = 1.15%

### STEP 1 – Determining the Base Figure

- A. Job Service North Dakota provided us with the total number of North Dakota firms in each of the NAICS Codes identified as contracting opportunities. In addition, we compared U.S. Census Bureau resources and the 2007 Survey of Business Owners with the results of the Job Service North Dakota data to calculate the Base Goal Calculation. Please see attached Table 1 for details of this calculation.

Base Goal = 0.83%

- B. **Methodology.** The base figure was initially calculated using the relative availability of DBEs (27) vs. the relative availability of non-DBE firms (1,830) in the state for the types of contracts we anticipated awarding.

We first researched whether any work by construction based DBEs could be considered contracting opportunities. We reviewed the types of work for DBEs that could be done on transit physical facilities as well as in other areas of transit business operations. We selected information technology, landscaping, erosion control, and fencing for consideration as security; physical plant maintenance; insurance; office supplies; networking and software replacement; marketing and graphics; and training. However, in reviewing the actual expenses for each small community sub recipient, it is unclear if such services have been procured in the past three years.

Therefore, we tailored the work types considered to reflect actual contracting opportunities in substance abuse testing and compliance, insurance, graphics & marketing, office supplies, and training. Thus, the number was reduced to 9 DBE firms.

Using the following categories of contracting opportunities in training services; information technology services, i.e., networking, computer and software purchases; insurance; consulting – drug testing compliance; marketing; and office supplies,  $(27/(27 \text{ DBEs} + 1,830) \text{ or } 27/1,857) = 0.84$  percent we determined that the base figure is 0.84 percent.

**Table 1: Determining the Base Figure**

NAICS	DBE Work Type	DBE Firms	All Vendors	Base
541850,323111	Drug Screening & Substance Abuse Compliance Testing	1	22	
524126	Graphics & Marketing	2	49	
453210	Information Technology	3	220	
611519,611420	Insurance	0	650	
561499	Office Supplies	0	49	
541850,323111	Training	3	83	
	Total Individual Firms	9	1,073	0.84%

Step One Base Figure=  $\frac{\text{Ready, willing, and able DBEs}}{\text{All firms ready, willing, and able (including DBEs and non-DBEs)}}$

$\frac{9}{1,073}$
-------------------

Graphics from "Tips for Goal Setting"

- C. Unified Certification Program (UCP) DBE Directory.** We supplemented the NDDOT DBE directory with data from the ND Department of Commerce, US Census Bureau - Statistics of U.S. Businesses and the Bureau's 2007 Economic Census (North Dakota), US Small Business Administration – Office of Advocacy, and the Bureau of Labor Statistics in determining the number of ready, willing and able DBE certified firms and non-DBE firms in the state.

Using the categories noted above, we reviewed the 114 firms listed in the online NDDOT DBE Directory, as of May 30, 2014. Of those 114 firms, 9 firms were classified in the NAICS codes of the actual contracting opportunities previously noted.

The firms for transit provider categories in the list for items are advertising, marketing, specialty items, website development, digital printing, business plans, graphic design and training. Construction categories are not generally considered because funding transit facilities is costly and generally capital funding is used to replace the aging transit vehicle fleet throughout the state. During the three year period, we anticipate one new bus garage being constructed. However, as requests for new facilities/bus garages and remodeling are requested the Transit Section will look to achieve the DBE goal through Race Neutral participation.

The online directory is searchable and lists the firm's name, owner's name, address, phone number, type of DBE designation, year formed, whether bonded, insured, area of work, labor force, equipment, and the North American Industry Classification System (NAICS) code and type of work the DBE has been certified to perform.

- D. Local Market.** Although the State of North Dakota is generally considered the local market for purposes of this calculation, more than three fifths of the DBEs certified in North Dakota are home-based out-of-state. The UCP list includes qualified DBE firms from out-of-state that have expressed

an interest to work on Federal Aid Projects in North Dakota. Therefore, firms from Minnesota, Alaska, Oklahoma, New Jersey, Colorado, Florida and Georgia are included in the goal setting mix.

Civil Rights Division has notified all currently certified firms by direct email, ListServ electronic notification, and direct telephone calling to communicate the items currently procured and described transit provider contracting opportunities for DBEs.

State transportation agencies were contacted to request the names of their DBEs currently serving transit entity needs.

Invitations to submit DBE applications were sent the out-of-state transit related DBEs.

Each state's DBE Directory was searched specifically for transit suppliers and invitations to submit DBE applications were sent.

One Oklahoma-based DBE Longhouse Inventory Solutions, LLC expressed interest in expanding their current Regular Dealer products to include items that are regularly purchased merchandise. The firm contacted Local Government transit section to determine the number and types of items that may be supplied to transit providers. The Department requested information from the Transit Providers and is working with the firm in the event they choose to expand their inventory to provide items needed by transit providers.

Transit section encouraged Precision Compliance, a Colorado-based DBE, performing drug and substance abuse testing and compliance for NDDOT transit sub recipients to contact the UCP and apply for DBE status. Precision Compliance is currently under contract to provide consultation services October 2013 through September 2014. The NDDOT anticipates extending the contract for one or two 12 month periods, based on the results of the initial contract, additional need for services and training and the revised scope of work and available funding.

- E. Contracting Opportunities.** For FY 2012-2014 the transit section estimates the annual contracting opportunities for Transit Providers to be \$351,794.

For purposes of calculating this funding, the salaries for agency employees and other non-contract expenses were deducted from the gross funding total. This allows for the office supplies and other contracting opportunities to be accounted for. Utilizing the base goal of 0.84%, a total of \$2,950.74 would be the funding target for DBEs.

## Step 2 – Adjust the Base Figure

### Determine the weight of each type of work by NAICS Code:

\* Project amounts are assigned relevant NAICS Code(s). Graphics from “Tips for Goal Setting”

**Table 2**

When reworking the goal calculations, information technology, landscaping, erosion control, and fencing were removed from the calculation because the expenses in these categories had not been represented in the actual expenses for small community sub recipients within the past three years.

$$\left[ .9 \left( \frac{\# \text{heavy construction DBEs}}{\# \text{heavy construction firms}} \right) + .1 \left( \frac{\# \text{trucking DBEs}}{\# \text{all trucking firms}} \right) \right] \times 100 = \text{Step One Base Figure, weighted by type of work to be performed}$$

NAICS Code	Work Item	Amount of DOT funds on project	% of total DOT funds (weight)
541850, 323111	Marketing & Graphics	\$27,433	7.80%
524126	Insurance	\$147,386	41.90%
453210	Office Supplies	\$81,431	23.15%
611519, 611420	Training	\$7,147	2.03%
561499	Consultation - Substance Abuse Compliance	\$88,397	25.13%
Total FTA – Assisted Contract Funds		<b>\$351,794</b>	<b>100%</b>

**Past Participation.** DBE participation for the past three fiscal years is summarized in the following table. **No adjustments were made due to past participation**

FY	Achieved Participation
2011	0.00%
2012	0.00%
2013	0.00%

**Further Analysis.** The transit section analyzed contracting opportunities in its small community sub recipients to establish its goal. **No adjustments were made due to past participation**

To further refine our goal, we contacted other DOTs, viewed their websites, and obtained their lists of certified transit related DBE firms. It is necessary to multiply the base goal by the available certified DBEs to better represent the availability of DBEs in North Dakota to work on Transit Projects.

Base Goal 0.84% of Transit Firms = Program Goal

Using 0.84% as our DBE participation goal, a total of \$2,950.74 would be the funding target.

The number of DBEs fluctuates in our state due to changes in businesses, perceived contracting opportunities, business capacity, and the distance out-of-state contractors need to travel to work here.

**Table 3**

**Relative availability of DBEs**

**Determine the relative availability of DBEs by NAICS Code:** \*Used DBE Directory, US Census Bureau statistics, and US Small Business Administration data to enter the number of available DBE firms and the number of available firms and to determine DBEs' relative availability

	NAICS Code	Work Item	Number of DBEs	Number of All Firms	Relative Availability
	541850, 323111	Marketing & Graphics	2	49	4.08
	524126	Insurance	1	650	0.15
	453210	Office Supplies	0	49	0.00
	611519, 611420	Training	4	83	4.82
	561499	Consultation - Substance Abuse Compliance	1	22	4.55
	Total FTA – Assisted Contract Funds		<b>8</b>	<b>853</b>	<b>0.94%</b>

**Weighting.** The transit section utilized the *DBE Weighting* worksheet to further refine the DBE Goal for FY 2014-2016. The first step in weighting is the relative availability of DBEs. Details of the worksheet begin above in Table 3. The weighting process is illustrated in Tables 3-5 of this submission. The calculated DBE participation under the weighted method would be 0.94%. This is considered by the transit section to be the most accurate indication of the actual contracting opportunity in the Transit Program as it incorporates the anticipated projects that are programmed for the next three years.

The Table 3 weighted goal of 0.94% would require a funding target of \$3,299.36 for the DBE Program during FY 2014-2016.

**The goal was adjusted up to 0.94% based on this DBE Weighting worksheet.**

## Calculate the Race Neutral and Race Conscious Split

Table 4 Base Calculation

Category	Number of North Dakota Minority Businesses	Percentage of Minority Businesses in North Dakota	DBEs Certified in ND	Ratio of DBEs to North Dakota Business
Black American	185	0.30%	9	0.0146%
Hispanic American	308	0.50%	4	0.0065%
Native American/Alaskan Native	985	1.60%	25	0.0406%
Sub-continent Asian American	-	0.00%	4	0.0065%
Asian Pacific American	431	0.70%	6	0.0097%
Women	15,263	24.80%	65	0.1056%
<i>Economically Disadvantaged Male</i>	-	NA	1	0.0016%
<b>Total Businesses in North Dakota</b>	<b>61,546</b>	<b>3.10%</b>	<b>114</b>	<b>0.19%</b>

For the purpose of reporting, the transit section has provided the Race/Gender information as required (see Table 4 above). Source: DBE Directory and North Dakota QuickFacts from Census.gov (<http://quickfacts.census.gov/qfd/states/38000.html>)

The NDDOT DBE Goal Split for Race Conscious and Race Neutral: Because this is the transit section's first goal greater than 0.0%, the Department intends to give sub recipients assistance in meeting the goal. The Department intends to achieve its three year goal initially through Race Neutral means and if necessary employ the use of specific stated goals on projects.

To assist sub recipients in recognizing the level of their DBE goal achievement, the Transit section will give sub recipients direction on various means to cultivate and recognize contracting opportunities.

Additionally, reporting measures will be put in place to refine the information required in generating the Semi-Annual Report for DBE Awards and Commitments/ Payments.

NDDOT will continue to evaluate contracting opportunities to determine if setting Race Conscious goals is necessary and will incorporate a contract goal only when needed. The goal as calculated for this document is an aggregate goal and NDDOT transit section will work with our sub recipients to meet the DBE requirements.

- A. Public Participation.** For FTA Projects, NDDOT transit section is reliant upon the UCP program when identifying DBEs certified to complete work in North Dakota. Transit section has a seat on the UCP Board. As a board member, the responsibilities include reviewing new applications from transit related businesses and participating in the Certification Board interviews. Being an active board member will allow the transit section to have visibility with new businesses and once certified, assist them in communicating with the transit providers around the state.

- a. Sub recipients and the transit section will connect potential DBE firms to DBE Supportive Services for assistance in applying and/or determining their eligibility.
- b. The transit section will work with sub recipients to identify work items appropriate to contract and assist in identifying DBEs ready, willing and able to perform the work.

**(Weight) X (Availability) = Weighted Base Figure**

The goal was adjusted up to 1.15% based on the following DBE Weighting worksheet. The NDDOT FTA DBE Goal Race Conscious Race Neutral split to achieve the 1.15% goal (met entirely through Race Neutral means) and would require a funding target of \$4,043.87

$$\left[ .9 \left( \frac{44 \text{ heavy construction DBEs}}{300 \text{ heavy construction firms}} \right) + .1 \left( \frac{14 \text{ trucking DBEs}}{150 \text{ trucking firms}} \right) \right] \times 100 = \left[ .9 \left( \frac{44}{300} \right) + .1 \left( \frac{14}{150} \right) \right] \times 100 =$$

$$\left[ .9 (.1467) + .1 (.0933) \right] \times 100 = \left[ .1320 + .0093 \right] \times 100 = 14.13$$

**Table 5 -**

NAICS Code	Work Item	Weight		Relative Availability		Weighted Base Figure
541850, 323111	Marketing & Graphics	0.0718	+	0.0408	=	0.1126
524126	Insurance	0.4651	+	0.0150	=	0.4801
453210	Office Supplies	0.2131	+	0	=	0.2131
611519, 611420	Training	0.0187	+	0.0482	=	0.0669
561499	Consultation - Substance Abuse Compliance	0.2313	+	0.0455	=	0.2768
				<b>Total – expressed as a % (*100)</b>		<b>1.1495</b>
				<b>Weighted Base Figure:</b>		<b>1.15%</b>

**Methods to Meet the DBE Goal**

**49 CFR 26.51.** Requires an overall goal submitted with the methodology to meet the DBE participation within a program. The following is a list of those methods to be implemented by NDDOT transit section:

- a. Discuss importance of DBE program with transit providers at annual compliance reviews, Transit Newsletters, and quarterly meetings;
- b. Provide one-on-one training and group training to sub recipients throughout the state as appropriate;
- c. Conduct semi-annual webinars prior to the end of the reporting period to prepare sub recipients for their role in completing the Semi-Annual Report of DBE Awards and Commitments/Payments
- d. Publish legal notices in 8 major newspapers around the state requesting public comment on Public Transit DBE goal;
- e. Place a notice of the DBE goal on the NDDOT Transit and Civil Rights webpages;
- f. Include a 10 point - DBE preference on for services bid.

**Table 6 Annual Contracting Opportunity FY 2014-2016**

<b>TYPE OF FUNDING</b>	<b>Funding Amount</b>	<b>Total Available</b>
Section 5304 – Rural Transit Planning	0	0
Section 5307 Urban/MPO Areas	0	0
Section 5310 Elderly Persons & Persons with Disabilities	0	0
Section 5311 Rural Transit Program	\$351,794	\$351,794
Section 5311 (b) Rural Transit Assistance Program	0	0
Section 5339 Capital Program	0	0
<b>TOTAL</b>	<b>\$351,794</b>	<b>\$351,794</b>

**FHWA State Planning and Research (SPR)**

SPR funds are used for a number of different projects from transit employee salaries to travel expenses. If the department’s transit section needs to do any planning studies they are also charged to SPR funds. DBEs certified by the Department, in this area, will be afforded the opportunity to bid on these projects.

**Section 5310**

These dollars are for rural and urban capital funds. Currently there are no DBEs certified by the Department, with expertise in this area. A majority of this apportionment funds rolling stock.

**Section 5311**

These dollars are for rural capital and operating funds. Currently there are no DBEs certified by the Department, as bus suppliers or as transit providers.

**Section 5311b**

These dollars are training funds for rural providers. Every effort is made to encourage transit employees to attend out-of-state training such as that provided by CTAA. Currently there are no DBEs certified by the Department, providing this type of training at national conferences.

**Section 5339**

These dollars are for both rural and urban capital expenses. Funding will be allocated for purchase of rolling stock and other items such as bus shelters, transit fare boxes, fare card bending kiosk, and bus washer system. Currently there are no DBEs certified by the Department, supplying these products or services.

The Department began determining a separate DBE Goal for its transit programs several years ago. The transit program DBE goal has been zero (0.00) percent for each of those years.

**NOTIFICATION ON CONTRACTING OPPORTUNITIES**

All requests for proposals are forwarded to the Department’s Civil Rights Division for notification of all DBE consulting firms via the ListServ.

The Department’s sub recipients have agreed to use the Department’s annual FTA DBE goal setting methodology and approved DBE program. The Department has limited DBE firms certified in any relevant area.

About a third of DBEs are located in three larger communities. However, most DBEs are located in the smallest communities and are spread out all over the state. DBEs are located in 22 of North Dakota's 53 counties.

The state's population density is fewer than seven (7) people per square mile; consequently the choice of vendors is limited. Sub recipients' face the challenge that the work they are looking to contract ~~is are~~ often very small jobs. Many contractors view these small jobs as unprofitable and are unwilling to bid on them due to the cost of towing equipment, shipping costs, or other issues of logistics for the contractor. Most of those DBEs certified to perform in the present contracting opportunities are located out-of-state; therefore the cost of doing business other than via the internet is higher than hiring local contractors or purchasing small items locally.

Additionally, North Dakota's unemployment rate is extremely low. According to the Bureau of Labor Statistics, in May 2014 North Dakota was ranked as the state with the lowest unemployment rate of 2.6 percent. (<http://www.bls.gov/web/laus/laumstrk.htm>). Every DBE listed as having goods and services available for contracting opportunities is from out-of-state. Presently, North Dakota transit providers are very much part of their small communities and therefore, procure most of their goods and services from local sources. Many of the local firms maintain close personal and professional relationships with their customers. Therefore, it may take some time to make significant headway into hiring out-of-state firms. Furthermore, 72.4 percent of North Dakota firms have no employees; thus customers are working directly with the individual who supplies their insurance, communications solutions, and other items that need to be purchased. Many DBEs are smaller concerns that may not have the wherewithal to bid prime on transit storage facilities, or may choose to work as subcontractors rather than bidding prime.

There are no DBEs currently certified who supply tires, batteries, gasoline, or diesel fuel.

Transit section staff members have encouraged sub recipients to reach out to local women and minority owned firms to inform them of the benefits of certification; one has taken advantage of the opportunity, Precision Compliance. Nonetheless, the department is committed to forwarding the requests, via email or listserv, for all proposals and notices to bid to all applicable Department certified DBE firms.

The Department annually allocates DBE Supportive Services funds to provide technical assistance to DBE firms. Technical assistance is provided in the area of DBE certification, orientation, networking, home office reviews and to facilitate training. This technical assistance is provided by OHITIKA designs, Inc. who is a certified Disadvantaged Business Enterprise in North Dakota.

All newly certified transit DBEs will be announced in the Transit Newsletter that is posted on the NDDOT website at <https://www.dot.nd.gov/divisions/localgov/transit-operator-services.htm> and emailed to all providers.

Their certification will be announced in the DBE Newsletter and published via ListServ. The Department encourages all DBEs to register with the State Procurement Office to receive proposals from all areas of the state.

## ADJUSTMENTS

In determining whether adjustments in the goal were needed, the following were contacted to determine whether these agencies recognized effects of discrimination in lending, etc.

Bank of North Dakota

ND Department of Commerce

ND Impact Procurement Assistance Center

ND Small Business Development Centers

The Department received no information from these sources indicating that adjustment based on this evidence is warranted. **No adjustment has been made for this factor.**

No disparity studies have been conducted in the state. **Therefore, no adjustment has been made for this factor.**