

**Northern Virginia Transportation Commission**

**DISADVANTAGED BUSINESS  
ENTERPRISE GOAL  
METHODOLOGY**

Federal Fiscal Years 2018-2020

**Northern Virginia Transportation Commission**  
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## **SUMMARY**

The Northern Virginia Transportation Commission (NVTC) has established requirements for setting an overall goal for Disadvantaged Business Enterprise (DBE) participation in federally funded contracts in accordance with regulations of the United States Department of Transportation (DOT), 49 CFR Part 26. This rule requires recipients of Federal funds to use a methodology based on demonstrable data of relevant market conditions and is designed to reach a goal the recipient would expect DBEs to achieve in the absence of discrimination.

## **PROPOSED GOAL FOR FFY 2018 – 2020**

Based upon the FTA-prescribed methodology, NVTC proposes an overall goal of 7.0 percent DBE participation for Federal Fiscal Year (FFY) 2018 – 2020 on its U.S. Department of Transportation (DOT) assisted contracts.

## **METHODOLOGY**

### Step 1: Base Figure Determination

FTA directs that the first step in establishing an overall DBE goal is to measure the actual availability of DBE vendors within the NVTC service area to perform the types of DOT assisted contracts that NVTC (and its subrecipients) intends to let during the federal fiscal year cycle. In FFY 2018, 2019 and 2020 NVTC (and its subrecipients) are expected to initiate contracts in Construction, Engineering, and Specialized Freight.

During this period of time, NVTC (and its subrecipients) are expected to initiate contracts for the following: construction of Alexandria transit service improvements; engineering, construction and specialized freight for the Eisenhower Avenue Bus Loop; construction and specialized freight for King Street access improvements; engineering and construction of the Potomac Yard Transitway; construction of the Eisenhower Avenue South entrance; and construction of the Eisenhower Intermodal Facility North entrance.

### *Local Market Area*

FTA defines the local market area is the area wherein the substantial majority of the contractors and subcontractors are located and the area in which NVTC spends the substantial majority of its contracting dollars. For the purpose of the goal development, NVTC considered the relevant market area to be the cities of Alexandria, Falls Church and Fairfax and the counties of Arlington, Fairfax, Loudoun, Montgomery and Prince George and the District of Columbia.

The total number of all contractors and subcontractors located in the NVTC local market area that would be available for DOT assisted projects were extracted from the 2015 NAICS County Business Patterns compiled by the US Census. Table 1 summarizes the total available firms in each local market jurisdiction by corresponding Industry (NAICS) code.

**TABLE 1 – Total Available Firms (By NAISC Code)**

<i>Jurisdiction</i>	<b>Construction (23)</b>	<b>Engineering (541330)</b>	<b>Specialized Freight (484220)</b>
<i>Alexandria City</i>	153	56	2
<i>Arlington County</i>	187	161	5
<i>District of Columbia</i>	459	251	4
<i>Fairfax City</i>	103	35	1
<i>Fairfax County</i>	2,321	548	34
<i>Falls Church City</i>	31	6	-
<i>Loudoun County</i>	848	174	23
<i>Montgomery County, MD</i>	2,267	315	28
<i>Prince George's County, MD</i>	1,515	139	65
<b>TOTAL</b>	<b>7,884</b>	<b>1,685</b>	<b>162</b>

*Source: 2015 NAICS Census Business Patterns*

*Base Figure Formula*

FTA regulation directs the following formula for determining the base figure percentage of “ready, willing and able” DBE firms for DOT-assisted projects:

- Numerator: Ready, Willing and Able DBE Firms (by category) divided by;
- Denominator: All Ready, Willing and Able Firms (by same numerator category)

The number for the numerator (the number divided) includes firms listed in DBE databases maintained by the Virginia Department of Minority Business Enterprise (DMBE), which includes the Metropolitan Washington Airports Authority (MWAA), and registered Maryland DBEs licensed to do business in Virginia. The DBE firms from the various databases are shown below in Table 2.

**TABLE 2 – Certified DBE Firms**

<b>CERTIFIED DBE FIRMS</b>	
<i>Construction (23)</i>	<i>37</i>
<i>Specialized Freight (484220)</i>	<i>10</i>
<i>Engineering (541330)</i>	<i>32</i>

Source: Virginia Department of Minority Business Enterprise (DMBE)

The numbers for the denominator (the number divided by) were extracted from the NAICS listing for the local market area, as referenced in Table 1.

For the base goal calculation, NVTC developed a base goal using the relative availability of DBE's in the local market area based on the project and work items, as shown in Table 3.

**TABLE 3 – Relative Availability of DBE's**

RELATIVE AVAILABILITY OF DBE FIRMS				
NAICS Code	Project	Work Item	# of DBE Firms	# of All Firms
23 (Construction)	VA-04-0033	Alexandria Transit Service Improvements	37	7,884
	VA-04-0048	Eisenhower Avenue Bus Loop		
	VA-95-082	King Street Access Improvements		
	2049-2017-1	King Street Access Improvements		
	VA-95-X106	Potomac Yard Transitway		
	VA-95-X107	Eisenhower Avenue South Entrance		
	VA-04-0022	Eisenhower Intermodal Facility North Entrance		
541130 (Engineering)	VA-04-0048	Eisenhower Avenue Bus Loop	32	1,685
	VA-95-X106	Potomac Yard Transitway		
484220 (Specialized Freight)	VA-04-0048	Eisenhower Avenue Bus Loop	10	162
	VA-95-X082	King Street Access Improvements		
TOTAL			79	9,731

Therefore, the base goal calculation, using combined totals is as follows:

Base Goal	
<b>0.81%</b>	(37 construction DBE firms + 32 engineering DBE firms + 10 specialized freight DBE firms)
	(7,884 construction firms + 1,685 engineering firms + 162 specialized freight firms)

$$\text{Base Figure} = \frac{79}{9,731} = 0.0081 \text{ or } 0.81\%$$

### *Weighting*

To make certain that the base goal is as accurate as possible, NVTC used weighting to adjust its base figure. In FFY 2018, 2019 and 2020, NVTC (and its subrecipients) are expected to initiate the majority of contracts for construction projects, while considerably less contract dollars will be spent on engineering, and specialized freight. NVTC estimated that approximately 93.6% of contract dollars will be spent on construction, 4.0% on engineering, 2.1% on specialized freight. The calculations which show how we arrived at these percentages are provided in the attached tables and spreadsheets.

### *Weighting Calculations*

The following calculations were performed to determine an appropriately weighted baseline goal:

$$\text{Construction } [0.9363 \times 0.0047] + \text{Engineering } [0.0397 \times 0.0189] + \text{General specialized freight } [0.0240 \times 0.0617] = 0.0066 \text{ or } 0.66\%$$

$$\text{Rounded Weighted Base Figure} = 1\%$$

In order to calculate the weighted goal, NVTC used the number of DBE firms for construction, engineering, and specialized freight as the numerators and divided them by the number of firms in the same fields (denominators) and multiplied them by the weighted percentages. The sum of these numbers multiplied by 100 resulted in the rounded weighted goal of 1%.

### STEP 2: Adjustment to Base Goal

After calculating NVTC's rounded base goal, federal DBE regulations require that the base goal be adjusted using past participation rates of DBE's on USDOT-funded projects.

NVTC contracts for the upcoming years are similar in nature and scope to the work that had been completed in previous years, although construction will be a significantly greater category than in previous years. NVTC will be contracting with firms that perform the following services: construction, engineering and specialized freight.

In order to adjust our goal, we took the percentage of total dollars to DBEs reported as awarded during FFY 2015 through FFY 2017 (to date), and averaged that with the rounded weighted base figure. This calculation is reflected below.

$$\begin{array}{r} 1.0\% \text{ (NVTC Rounded Weighted Base Figure)} \\ + 12.0\% \text{ (FY reported percentage of dollars to DBEs)} \\ \hline 13.0\% \end{array}$$

$$13.0\% / 2 = 6.5\% \text{ which rounds to } 7\% \text{ average adjusted three-year goal}$$

**GOAL: 7.0 %**

Means of Meeting Overall Goals

Based on NVTC's past experience, the 7.0% goal would be met through 4.20% race neutral means (60%) and by 2.80% race-conscious means (40%). Race-neutral DBE participation occurs when a DBE wins a contract or subcontract that did not have contract specific goals, or when the DBE status was not considered in making the award. NVTC will meet 40% of its DBE goals by using contract goals, which is considered race-conscious means. A complete explanation of how NVTC will accomplish its DBE goals can be found in the DBE Program, Section 17.

**PROCESS**

NVTC is required to submit its three-year DBE goal to the Federal Transit Administration (FTA) by August 1, 2017. The updated goal will cover the federal fiscal years of 2018, 2019 and 2020. Before establishing the overall DBE goal, NVTC consulted with staff at the Potomac and Rappahannock Transportation Commission (PRTC), Arlington County and Fairfax County to assist in the identification of availability of disadvantaged and non-disadvantaged businesses. Consultation with the groups identified above was not mutually exclusive or exhaustive.

**PUBLIC COMMENTS**

[Include information following solicitation of public comments]

**SUPPORTING DOCUMENTATION OF CALCULATIONS:**

**Step 1 - Determine the weight of each type of work by NAICS Code:**

\* Enter all the FTA assisted projects below. Project amounts should be assigned relevant NAICS Code(s).

	NAICS Code	Project	Amount of DOT funds on project:	% of total DOT funds (weight)
1)	23	Construction	\$13,644,401	0.9363
2)	484220	Specialized Freight	\$350,000	0.0240
3)	541330	Engineering	\$578,500	0.0397
<b>Total FTA-Assisted Contract Funds</b>			<b>\$14,572,901</b>	<b>1.0000</b>

**Step 2 - Determine the relative availability of DBE's by NAICS Code:**

\* Use DBE Directory, census data and/or bidders lists to enter the number of available DBE firms and the number of available firms.

	NAICS Code	Project	Number of DBEs available to perform this work	Number of all firms available (including DBEs)	Relative Availability
1)	23	Construction	37	7,884	0.0047
2)	484220	Specialized Freight	10	162	0.0617
3)	541330	Engineering	32	1,685	0.0190
<b>Combined Totals</b>			<b>79</b>	<b>9,731</b>	<b>0.0081</b>

**Step 3 - (Weight) x (Availability) = Weighted Base Figure**

	NAICS Code	Project	Weight	X	Availability	Weighted Base Figure
1)	23	Construction	0.9363	X	0.0047	0.0044
2)	484220	Specialized Freight	0.0240	X	0.0617	0.0015
3)	541330	Engineering	0.0397	X	0.0190	0.0008
<b>Total</b>						<b>0.0066</b>
Expressed as a % (*100)						0.66%
Rounded Weighted Base Figure:						1%

**Breakdown by Project by NCAIS Code**

FTA Grant Number	FTA Funding (\$) by Contract Type			Amount of DOT Funds on this Project
	Construction (23)	Specialized Freight (484220)	Engineering (541330)	
VA-04-0033	\$1,969,175.00			\$1,969,175.00
VA-04-0048	\$1,500,000.00	\$200,000.00	\$400,000.00	\$2,100,000.00
VA-95-X082	\$3,508,059.00	\$150,000.00		\$3,658,059.00
2049-2017-1	\$1,788,105.00			\$1,788,105.00
VA-95-X106	\$1,596,860.00		\$178,500.00	\$1,775,360.00
VA-95-X107	\$1,840,000.00			\$1,840,000.00
VA-04-0022	\$1,442,202.00			\$1,442,202.00
<b>TOTAL</b>	<b>\$13,644,401.00</b>	<b>\$350,000.00</b>	<b>\$578,500.00</b>	<b>\$14,572,901.00</b>

% of Total Contract Dollars	93.63%	2.40%	3.97%
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Available Firms	7,884	162	1,685
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DBE Firms	37	10	32
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% DBE Firms	0.47%	6.17%	1.90%
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<b>WEIGHTED GOAL</b>	<b>1%</b>
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