



**STATE OF NORTH CAROLINA
DEPARTMENT OF TRANSPORTATION**

**FY 2007
DISADVANTAGED BUSINESS ENTERPRISE PROGRAM
ANNUAL DBE GOAL METHODOLOGIES**

**EXECUTIVE SUMMARY
DISADVANTAGED BUSINESS ENTERPRISE (DBE)
PROGRAM ANNUAL GOALS FOR:**

- *Division of Aviation*
- *Division of Public Transportation*
- *Division of Highways*

For:
NORTH CAROLINA DEPARTMENT OF TRANSPORTATION
Raleigh, North Carolina

**Prepared with Assistance from:
Ken Weeden & Associates, Inc. Planning Consultants**



October 30, 2006

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Executive Summary:

A. Why Three Federal Goals?

The North Carolina Department of Transportation (NCDOT) is the grant recipient and grant-administering agent of funds from three (3) Operating Agencies (OA) of the USDOT. These are the **Federal Highway Administration, (FHWA), Federal Aviation Administration, (FAA), and the Federal Transit Administration, (FTA)**. The summary document contains the annual goals for the Disadvantaged Business Enterprise (DBE) Program required by the US Department of Transportation (USDOT) regulations 49 CFR, Part 26, for fiscal year 2007, for the *three* modes of highways, aviation, and public transportation. The proposed annual overall goals and the estimated race-conscious and race neutral splits, for each of the NCDOT modes (or Divisions), are shown below:

Summary of Goals for FY 2007, by Mode and Operating Agency

| NCDOT Division | Overall Goal (%) | Race-Conscious Goal (contract) | Race-Neutral Goal | USDOT Operating Agency - for Review |
|--------------------------------------|-------------------------|---------------------------------------|--------------------------|--|
| NC Division of Aviation | 11.2% | 11.2% | 0.0% | Federal Aviation Administration James Brame Civil Rights, Southern Region P.O. Box 20636, Atlanta GA 30320 |
| NC Division of Highways | 9.9% | 7.4% | 2.5% | Federal Highway Administration Lynise Devance 310 New Bern Avenue, Suite 410 Raleigh, NC 27601-1418 |
| NC Division of Public Transportation | 39.1% | 4.2% | 34.9% | Federal Transit Administration Frank Billue 61 Forsyth Street 17T50 Atlanta, GA 30303 |
| AppalCART | 1.0% | 1.0% | 0.0% | |

Source: Ken Weeden & Associates, Inc. – FY 2007 Annual Goal Methodology Documents

All three OA's are under the umbrella of the USDOT, but each must comply with the DBE rule independent of the other. Therefore, each year the State NCDOT must develop and submit three (3) separate goal documents to the three federal USDOT Operating Agencies. The DBE program is an important grant compliance element which conditions the receipt of more than a billion dollars of USDOT funds into the State each year and applies only to federal funds from the USDOT, not to State, or other non-federal grant programs.

B. Annual Goal Methodology Process - The Required Two-Step Process:

The regulations and guidelines for developing annual goal require that *all* apply a "two-step" process in arriving at a final, adjusted, overall goal.

The first step is to examine factors of estimated "*relative availability*" of DBEs in the identified market area, to work on federal projects proposed for the upcoming fiscal year. This "baseline goal" can come from several sources, (CFR 26.45 c.1-3), such as:

1. *Local DBE Directories and Census Bureau Data (County Business Patterns), by NAICS (Work) codes, for the identified market area.*
2. *A grant recipient's bidders list of both non-DBE and DBE firms.*
3. *A percentage figure derived from data in a valid, applicable disparity study.*
4. *The DBE goal of another DOT recipient in substantially the same market area.*
5. *Alternative Methods (subject to approval of USDOT/OA), based on demonstrable market conditions, rationally related to relative availability of DBEs in that market area.*

After the baseline goal has been developed in Step One, **Step Two** involves examining additional "evidence" in the market area which indicate factors of DBE "capacity" not accounted for in Step One. This could include such factors as *actual* historical DBE participation rates. Considering factors of "capacity" helps determine what adjustments, if *any*, are needed to the baseline goal. The two-step process was applied, with minor differences because of the modal difference, for *each* of the separate annual goal methodologies presented in the summary document. (Please review each for details at your leisure).

C. Next Steps:

Each Division has submitted its annual goal to the appropriate reviewing agency (FAA, FTA, FHWA) and is awaiting notification of goal approval. Furthermore, each Division has advertised these proposed goals in newspapers offering broad coverage, especially in minority focus publications, making the report available for public review for 30 days, and comments, for 15 more days, for a total review/comment period of 45 days. No comments were received with regards to any of the goal methodologies.