FY2023 - FY2025

DISADVANTAGED BUSINESS ENTERPRISE PROGRAM METHODOLOGY

for

North Carolina Department of Transportation INTEGRATED MOBILITY DIVISION

Raleigh, North Carolina



For Submission: February 10, 2023

With Assistance from Ken Weeden & Associates, Inc.

DBE Program Consultants

Raleigh-Wilmington-Atlanta

Introduction

In fulfillment of the requirements of §49 CFR Part 26, the North Carolina Department of Transportation (NCDOT), through the Integrated Mobility Division (IMD), has developed the proposed Overall Goal for qualifying Federal Transit Administration (FTA) funded projects and purchases from **October 1, 2022, through September 30, 2025.** The overall proposed goal for the FTA-funded projects is **4.31%.**

IMD, under the umbrella of NCDOT, administers the State's allocation of FTA-funded programs targeted primarily for non-urban transportation systems across the state.

NCDOT is an FTA direct recipient and bears ultimate responsibility for the administrative requirements of receiving and distributing the funds to the various subrecipients. However, the Integrated Mobility Division (formerly the Public Transportation Division, PTD), acts on behalf of NCDOT as the primary entity for planning, administering, and distributing federal and non-federal funds according to FTA programmatic and state regulatory requirements and guidelines. One of the major requirements is the development and implementation of the Disadvantaged Business Enterprise (DBE) program, according to regulatory compliance element required as a condition to receiving continued FTA assistance. As a direct recipient, the State also has the responsibility of setting goals for funds that are distributed to their subrecipients. Goal setting is required; therefore, it must be consistent with the format and process contained in the DBE regulations. The goal setting process for the next triennial period for NCDOT/ IMD is explained below.

Goal Setting Process

A. General

The goal setting process presented here is consistent with the requirements and recommended format of USDOT regulations §49 CFR Part 26. 45. Goal setting, according to USDOT regulations §49 CFR Part 26, is a two-step process. The first activity in Step One is to obtain the proposed statewide budget of expected federal funds to be expended. Next, the total funds are sorted to develop a "DBE base" of estimated expenditures, such as items that can be subcontracted or acquired from outside vendors. The "DBE base" excludes acquisition of transit vehicles, and most operational and administrative costs from the total line items and budget of the subrecipients. The DBE base also considers the Central IMD office budget, which also contracts out certain services to professional service vendors, as part of the initial Step One DBE goal, or "baseline goal". The baseline goal is developed based on an analysis of "relative availability" of ready, willing, and able DBE firms or vendors in the market area, compared to all firms and vendors in the same market area and for the same project expenditure items. The market area must be statewide because the grants and subsequent expenditures are also statewide. Eligible expenditures, i.e., the "trigger" for the DBE goal requirement, refers to total grants expected to be awarded to the NCDOT/IMD that have cumulative contracting or vendor-acquisition opportunities of at least \$250,000 each year (excluding the acquisition of transit revenue vehicles). Since the overall goal covers three fiscal years, for purposes of planning, the estimated total FY2023 budget of federal funds was the only detailed fiscal year budget provided. Subsequently, fiscal years 2024 and 2025 were based on a linear projection of FY2023, assuming no real changes.

Of the total FY2023 budgeted items, it was estimated that **\$12,231,164** statewide, including the Central IMD office vendor contracts, represented the "DBE base" for further, detailed analysis of relative availability.

The total amount of estimated DBE-eligible FTA grant funding for FY2023 is **\$12,231,164**. If this annual funding level holds for the next three (3) years, then the total DBE eligible part of the funding would be **\$36,693,492** (DBE base).

As noted, NCDOT is a direct recipient of FTA federal program funds which are distributed to many subrecipients statewide each year. The subrecipients submit program and project applications, including detailed budgets of how they intend to expend those funds during the budget year. To begin the goal analysis, each subrecipient's grant budget for FY2023 was examined to identify potential purchasing opportunities. NCDOT has determined that the market area for purchases will be statewide, since this is where most suppliers are located.

Though all these funds may not represent subcontracting opportunities in the conventional sense or as described in §49 CFR Part 26 (i.e., airports or highway construction) because they are cumulative potential procurements which also utilize federal funds, they too are subject to DBE goal setting. Table 1 on the following page shows areas of opportunities.

ΑCTIVITY	NAICS	\$	%
Building Construction	236220	\$312,678	2.6%
Highway & Street	237310	\$52,626	0.4%
Electrical Constractors	238210	\$14,880	0.1%
Building Equipment Contractors	238290	\$29,399	0.2%
Site Prep	238910	\$81,120	0.7%
Specialty Trade Contractors	238990	\$0.00	0.0%
Other Apparel Knitting	315190	\$125,930	1.0%
Commercial Printing	323111	\$22,329	0.2%
Machine Shops	332710	\$19,750	0.2%
Telephone Systems	334210	\$3,638	0.0%
Other Communications Equipment	334290	\$809,265	6.6%
Office Equipment Merchant Wholesalers	423420	\$249,825	2.0%
Electrical Apparatus & Equipment	423610	\$6,728	0.1%
Service Establishment Equipment & Supplies	423850	\$37,187	0.3%
Other Miscellaneious Durable Goods	423990	\$3,072	0.0%
Stationary & Office Supplies	424120	\$108,532	0.9%
Automotive Parts & Accessories Retailers	441330	\$54,196	0.44%
Furniture Stores	442110	\$25,506	0.2%
Electronic Stores	443142	\$26,126	0.2%
Software Publishers	511210	\$13,859	0.1%
Insurance Agencies	524210	\$1,565,424	12.8%
Office Machinery Equipment	532420	\$26,059	0.2%
Law Offices	541110	\$11,292	0.1%
Certified Public Accountants	541211	\$130,644	1.1%
Custom Computer Programming Services	541511	\$795,751	6.5%
Media Representative	541840	\$533,842	4.4%
Other Services Related to Advertising	541890	\$160,375	1.3%
All Other Professional, Technical, Scientific & Technical Serv	541990	\$23,748	0.2%
Security Systems Services	561621	\$67,412	0.6%
Janitorial Services	561720	\$43,188	0.4%
Other Services to Buildings & Dwellings	561790	\$28,528	0.2%
Professional & Management Development Training	611430	\$62,824	0.5%
All Other Miscellaneous Ambulatory Health Care Services	621999	\$66,186	0.5%
Computer & Office Machine Repair & Maintenance	811212	\$32,620	0.3%
Communication Equipment Repair & Maintenance	811213	\$13,068	0.1%
Drycleaning & Laundry Services	812320	\$5,040	0.0%
Administrative Management & General Management Consultin	541611	6,668,516.63	54.5%
Total		\$12,231,164	100.0%

Table 1: Estimated Calculation of DBE Base: FY2023-2025 IMD DBE Goal Calculation

Goal Setting – Subcontracts and Purchases of Goods and Services

Historically, most FTA grants have been used for administration and operating expenses, and vehicle purchases. As noted above, IMD expects the spending levels of DBE-eligible Federal grants between FY2023 and FY2025 to be approximately \$**36,693,492** (the first-year estimate of **\$12,231,164** multiplied by three years).

NCDOT-IMD is a direct recipient of the stated federal program funds, and subsequently passes the funding along to numerous subrecipients statewide each year. The subrecipients submit program and project applications, including detailed budgets of how they intend to expend the funds during a budget year. To begin the goal analysis, each subrecipient's grant budget for FY2023 was examined to identify potential purchasing opportunities. NCDOT has determined that the market area will be statewide for purchases since this is where most suppliers are located.

Though all these funds may not represent subcontracting opportunities in the conventional sense or as described in §49 CFR Part 26 (i.e., airports or highways) because they are a cumulative potential procurement which also utilize federal funds, they too are subject to DBE goal setting.

B. Baseline Goal Established:

All the line items in Table 1 were used to develop the baseline, or Step One goal, by comparing the availability of DBE firms (as described in the NCDOT DBE directory) to the availability of all firms in the marketplace (as described in the 2022 U.S. County Business patterns from the U.S. Census Bureau). Further, the percentage of each item's share of the total DBE base was multiplied by the percentage of the relative DBE availability through a process known as "weighting." In the end, all the weighted values are totaled to yield one "weighted" DBE overall Step One goal. That goal is **4.31%.** The calculation process is summarized in Table 2 on the following page.

				% of DBE		
	NAICS			Firms		
Activity	CODES	DBE Firms	All Firms	Available	NAICS Dollars	DBE Dollars
Building Construction	236220	78	1072	7.3%	\$312,678	\$22,751
Highway & Street	237310	226	359	63.0%	\$52,626	\$33,129
Electrical Contractors	238210	37	2727	1.4%	\$14,880	\$202
Building Equipment Contractors	238290	5	235	2.1%	\$29,399	\$626
Site Prep	238910	108	1327	8.1%	\$81,120	\$6,602
Specialty Trade Contractors	238990	54	926	5.8%	\$0	\$0
Other Apparel Knitting	315190	0	10	0.0%	\$125,930	\$0
Commercial Printing	323111	1	463	0.2%	\$22,329	\$48
Machine Shops	332710	2	471	0.4%	\$19,750	\$84
Telephone Systems	334210	1	3	33.3%	\$3,638	\$1,213
Other Communications Equipment	334290	0	8	0.0%	\$809,265	\$0
Office Equipment Merchant Wholesalers	423420	1	251	0.4%	\$249,825	\$995
Electrical Apparatus & Equipment	423610	10	466	2.1%	\$6,728	\$144
Service Establishment Equipment & Supplies	423850	3	128	2.3%	\$37,187	\$872
Other Miscellaneious Durable Goods	423990	8	220	3.6%	\$3,072	\$112
Stationary & Office Supplies	424120	0	117	0.0%	\$108,532	\$0
Automotive Parts & Accessories Retailers	441330	0	0	0.0%	\$54,196	\$0
Furniture Stores	442110	0	950	0.0%	\$25,506	\$0
Electronic Stores	443142	1	498	0.2%	\$26,126	\$52
Software Publishers	511210	0	429	0.0%	\$13,859	\$0
Insurance Agencies	524210	3	3958	0.1%	\$1,565,424	\$1,187
Office Machinery Equipment	532420	0	16	0.0%	\$26,059	\$0
Law Offices	541110	4	4096	0.1%	\$11,292	\$11
Certified Public Accountants	541211	4	1657	0.2%	\$130,644	\$315
Custom Computer Programming Services	541511	41	1567	2.6%	\$795,751	\$20,821
Media Representative	541840	4	23	17.4%	\$533,842	\$92,842
Other Services Related to Advertising	541890	19	224	8.5%	\$160,375	\$13,603
All Other Professional, Technical, Scientific & Technical Serv	541990	60	466	12.9%	\$23,748	\$3.058
Security Systems Services	561621	8	227	3.5%	\$67,412	\$2,376
Janitorial Services	561720	58	2151	2.7%	\$43,188	\$1,165
Other Services to Buildings & Dwellings	561720	28	459	6.1%	\$28,528	\$1,740
Professional & Management Development Training	611430	40	232	17.2%	\$62,824	\$10,832
All Other Miscellaneous Ambulatory Health Care Services	621999	7	126	5.6%	\$66,186	\$3,677
Computer & Office Machine Repair & Maintenance	811212	3	163	1.8%	\$32,620	\$600
Communication Equipment Repair & Maintenance	811212	0	73	0.0%	\$13,068	\$0
Drycleaning & Laundry Services	812320	2	547	0.4%	\$5,040	\$18
Administrative Management & General Management Consultin	541611	144	3118	4.6%	\$6,668,517	\$307,975
	541011	144	5110	4.070	\$12,231,164	\$527,050
Weighted Step 1 Goal =			<i><i><i><i>4</i>12,231,104</i></i></i>	4.31%		

Table 2: DBE Firms Compared to All Firms in Relevant NAICS Code-Weighted Goal Analysis

C. Step Two of Goal Setting: Adjustment of the Step One Baseline Goal:

The regulations (§49 CFR Part 26.45 (d)) require considerations of certain data or factors to "adjust" the Step One base goal, if it is deemed necessary, to obtain the final or "Step Two" overall goal. The regulations further state that there are many types of evidence that must be considered when adjusting the base figure. These include:

- 1. The current capacity of DBEs to perform work in your DOT-assisted contracting program, as measured by the volume of work DBEs have performed in recent years, i.e. historic attainment levels.
- 2. Evidence from disparity studies conducted anywhere within a jurisdiction, to the extent it is not already accounted for in your base figure.
- 3. Other information on statistical disparities between availability and utilization of DBE firms.
- 4. Any statistical or other quantifiable factors which reflect the impact of discrimination, such as difficulties in obtaining bonding or capitalization as may be contained in special studies, etc.

In many circumstances, the most readily available information which indicates "capacity" is the recorded actual "attainment" of DBE participation in recent years, compared to the DBE goals for the same periods. For this analysis and consideration, we reviewed the bi-annual DBE reports for IMD in the division's FTA Transportation Awards Management System (TrAMS). The results are summarized in Table 3 below:

Achievement using report dollars rounded to nearest tenth				
Report Period	Date	DBE Goal	Percent Achieved	Over/Under
FY2019-1	6/1/2019	1.9%	0.3%	-1.6%
FY2019-2	12/1/2019	1.9%	0.3%	-1.6%
FY 2020-1	6/1/2020	1.9%	0.7%	-1.2%
FY2020-2	12/1/2020	1.9%	0.0%	-1.9%
FY2021-1	6/1/2021	1.9%	0.1%	-1.8%
FY2021-2	12/1/2021	1.9%	12.1%	10.2%
Мес	dian	1.9%	0.3%	-1.6%

Table 3: DBE Participation: NCDOT -IMD, FY2019 - FY2021

Source: NCDOT and Ken Weeden & Assoc.

Note that for each period, all reported accomplishments were less than the approved goal for each reporting period. The median attainment was **0.3%**, with a **-1.6%** median under-attainment. Step Two in

the process consists of "averaging" the median attainment and the Step One baseline goal. If that were done in this case, then the calculated Step One goal of **4.31%**, adjusted by the median attainment of **.03%**, would yield a final overall goal of **2.31%**. Again, this is presented for consideration since adjustment is not a requirement.

1. Disparity Study:

In September 2021, the NCDOT released the most recent and current Disparity Study. In the current study, *North Carolina Department of Transportation Disparity Study, August 2021, by Griffin & Strong P.C.*, there are extensive sets of tables on utilization of minority and women-owned firms for NCDOT projects, both as prime contractors and as subcontractors. The utilization was broken into four (4) general categories: Construction, Architecture & Engineering, Professional Services, and Goods and Services (*Section E, Utilization Analysis, beginning p. 85-98*). The Utilization Analysis was compared with the Availability Analysis to help yield the statistical Disparity Indices (*Section F, Determination of Disparity, p. 98-102*). It is important to note, that the "overall" utilization across all the categories is 14.44% (*Table 1, Summary of Total Utilization by Industry Category, p. 9*). This utilization factor, like the NCDOT annual reports, is also based on historic attainment and, therefore, an indicator of capacity. However, the Disparity Study utilization is significantly higher than the three-year bi-annual DBE median IMD attainment of -1.6%.

D. Final Overall Goal:

After consideration of both the median reported historic attainment and indication of availability as noted in the 2021 NCDOT Disparity Study, the initial goal of **4.31%** will not be adjusted by either. Therefore, the initial Step One goal calculation of **4.31%** is the final DBE goal for the NCDOT Integrated Mobility Division for FY2023 - FY2025.

Consultation

§49 CFR Part 26.45 (g)(1) states:

"In establishing an overall goal, you must provide for public participation. This public participation must include: Consultation with minority, women's and general contractor groups, community organizations, and other officials or organizations which could be expected to have information concerning the availability of disadvantaged and non-disadvantaged businesses, the effects of discrimination on opportunities for DBEs, and your efforts to establish a level playing field for the participation of DBEs." Further guidance on goal setting issued by the U.S. Department of Transportation indicates that:

• "... the process of consultation involves a scheduled face-to-face conference or meeting of some kind with individuals or groups of interested persons for the purpose of developing and/or assessing a proposed goal and methodology and seeking information or advice before a decision is made...

• ...Recipients should identify groups within their contracting market that are likely to have information relevant to the goal setting process or that have a stake in the outcome of the process. Those groups should be contacted and invited to participate in a face-to-face exchange (which may occur at a public meeting) aimed at obtaining the kind of information set out in the regulation regarding establishing the overall DBE goal...

• Consultation is expected to occur before the proposed goal is established and prior to publication of the proposed overall goal for inspection and comment by the general public..."

A consultation plan was developed and implemented for the Integrated Mobility Division's new FY2023 -FY2025 three-year DBE goal. The IMD has subrecipients from across the State of North Carolina who receive grants and operate programs in most of the state's 100 counties. All planned meetings were held virtually in consideration of the current post-pandemic environment. Virtual meetings also helped provide more opportunities for input from various sectors in the State.

Each month, the IMD central staff meets virtually with all of the subrecipients. For the December 14, 2022, and January 11, 2023, meetings, the DBE program consultants were included on the agenda to do a presentation on the new DBE goal methodology and to answer any questions. At the December meeting and before the DBE goal was finalized, the consultants presented a detailed description of the goal setting process, as well as a draft goal. There were no questions. The total attendance was 129. At the second meeting, in January 2023, the consultants presented the DBE goal methodology again with a few refinements, as well as a proposed goal. Again, there was very little discussion, and there were no questions. The number in attendance was 134.

In addition to the subrecipient meetings, a separate virtual stakeholder meeting was held on January 10, 2023. Notices were sent to a combination of DBE companies, community organizations, small business organizations, and to all of IMD's subrecipients. This meeting was also well attended with 50 people in attendance, comprised of a mixture of DBE businesses, transit agencies, and IMD staff. The DBE

consultant reviewed in detail the methodology and opened the floor for questions. Again, there was little discussion. Some supporting documents are shown in Appendix 1.

In all three meetings, it was pointed out that both the Central IMD office and the subrecipients will be responsible for implementing and helping to achieve the developed DBE goals.

Breakout of Race-Conscious and Race-Neutral Goals for FY 2023-2025

Federal DBE regulations require that grant recipients like the Integrated Mobility Division meet the maximum feasible portion of its overall goal by using race-neutral means of facilitating DBE participation (hereafter, referred to as race-neutral).

In order to achieve their overall goal of 4.31%, Integrated Mobility Division estimates that it will obtain **0.0%** from race-neutral participation and **4.31%** through race-conscious (contract) measures. The reason for the projected split is data on DBE participation with IMD indicates the median total participation has been **-1.6%**. The consistent "under achieving" of DBE goals indicates that goal attainment should focus on "race conscious" or contract goals.

Public Notice

As noted above, along with the consultation meetings, the Integrated Mobility Division published a notice of the proposed overall goal on its website. This notice informed the public that the proposed goal and its rationale were available for review via a weblink and the ability to send review comments. The notice also included an address and contact where comments could be sent. This was part of the process used to establish the goals for FY2023-2025.

Contract Goals

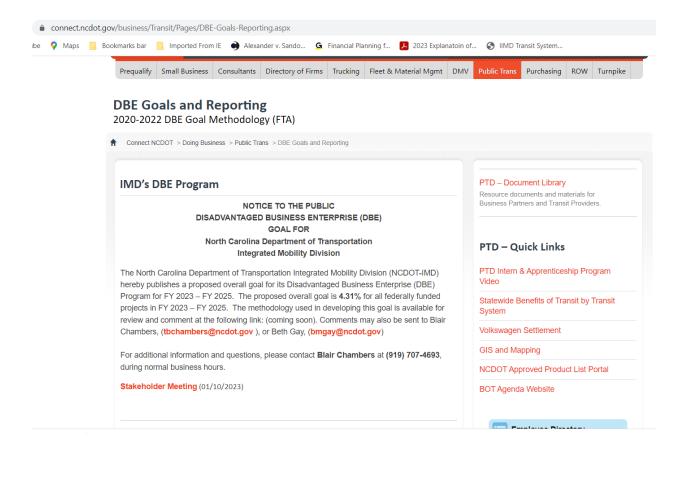
The NC Integrated Mobility Division will use contract goals to meet any portion of the overall goal that it does not project being able to meet using race-neutral means. Contract goals are established so that, over the period to which the overall goal applies, they will cumulatively result in meeting any portion of our overall goal that is not projected to be met through the use of race-neutral means.

The Integrated Mobility Division will establish contract goals only on those FTA-assisted contracts that have subcontracting or DBE procurement possibilities. A contract goal does not have to be established

on every such contract, and the size of the contract goals will be adapted to the circumstances of each such contract (e.g., type and location of work, availability of DBEs to perform the particular type of work and/or provide the particular good or service). The Integrated Mobility Division will express its contract goals as a percentage of the total contract amount.

Attachments

<u>The NCDOT-Public Transportation DBE PROGRAM (IMD)</u> <u>FY 2023-2025 –Overall DBE Goal</u> <u>Stakeholder Activities</u>





Disadvantaged Business Enterprise Stakeholders Meeting

In compliance with 49 CFR Part 26, the Integrated Mobility Division (IMD) of the North Carolina Department of Transportation, is developing its FY 2023 – FY 2025 3-year Disadvantaged Business Enterprise (DBE) overall goal for both centralized and subrecipient programs funded by the Federal Transit Administration (FTA). You are invited to attend a presentation of the DBE goal methodology, via a virtual stakeholder meeting, as noted below:

When: Tuesday, January 10, 2023

Time: 11:30 a.m.

Location: Online via GoToWebinar

The purpose of the meeting is to present the methodology and to receive input and/or information regarding the Division's three-year DBE Goal development process. We invite you to participate in the discussion of the proposed goal, as well as information on the availability of potential DBEs for the Division's and subrecipient projects, and efforts to increase DBE participation.

For questions or additional information, please contact:

Blair Chambers at tbchambers@ncdot.gov







NCDOT-Integrated Mobility Division-Transit DBE Goal Methodology FY 2023-2025 and Program Overview January 10, 2023

AGENDA

Welcome and Introductions

Blair Chambers, Deputy Director for Compliance and Procurement, NCDOT-IMD

Overview of DBE Program

Kenneth Weeden, President, Ken Weeden & Associates, Inc. (KWA)

Review of FY2023-2025 DBE Goal Methodology

Kenneth Weeden, KWA

Questions/Discussion

Kenneth Weeden, KWA

# Registered	# Attended
73	54

Attendee Details		
First Name	Last Name	Organization
John	Andoh	City of Burlington
Albert	Barron	N Due Time LLC / Navy Seal Trucking Inc
Barry	Blevins	Harnett Area Rural Transit System - County of Harnett
Sharon	Chavis	GoTriangle
Bernard	Clark	Orange County Transit Services
John	Clark	john j. CLARK & ASSOCIATES, Inc.
Jeff	Cockerham	YVEDDI Public Transportation
Stephanie	Costner	TACC, Inc.
Monica	Creath	Nonu
Konnadi	Dhatnubia	North Cartoons Department of Transportation
Ruth	Dorrielan	construction
Jerry	Douglas	Js H Maintenance
Teleshia	Edward	Choanoke Public Transportation Authority
Angela	Ellis	Martin County Transit
KRISTAL	FORD	Transportation Lincoln County
Bernice	Feaster	The Scholar Mom, LLC
Mitch	Fleig	Person Area Transportation System (PATS)
Laura	Gardner	Union County Government-Transportation Department
Beth	Gay	NCDOT
Donald	Ghantt	Transportation Lincoln County
Sylvester	Goodwin	GoTriangle
John	Groom	Stafford Act and Disaster Recovery Services
Carl	Harper	TH Electrical Services Inc.
Brian	Harris	Harris Commercial Group
Rodney	Harrison	City of Salisbury (Salisbury Transit)
Jason	Hollifield	County of McDowell
TeLeishia	Holloway	Town of Cary
Gronna	Jones	City of Wilson
Cedran	Kirksey	BanCar Services Group LLC
Angela	Lane	High Point Transit System
Charles	Lattuca	GoTriangle
Camille	Little	NC DOA HUB Office

Alyssa Sharonetta Jason Douglas Tyffany Pamela Juan Eric Shannon Benny Staci Annette Laurida Deirdre Jamael Lisa Irma eric Blair Nikki Wilfred	McIntyre Mobraten Moore Neal Perry Sanchez Scott Slayton Sloan Smith Stevenson Thelamour Walker Wiley Wilson Zimmerman foushee Chambers Jefferies	HUB Office Raymond Engineering Alphind Software Solutions City of Fayetteville (FAST) Choanoke Public Transportation Authority Raleigh Concrete EKSCOTT CONSTRUCTION LLC BGCC LLC NCDOT Swift Creek Group, PLLC Stevenson Consulting Group Love Cleaning With Care GoTriangle Orange County Public Transit NCDOT Guilford County Global Logistic Solutions NCDOT Ken Weeden & Associates Ken Weeden & Associates
Wilfred Kenneth	Nixon Weeden	Ken Weeden & Associates Ken Weeden & Associates



NORTH CAROLINA Department of Transportation



Integrated Mobility Division Transit Systems Call

December 14, 2022

AGENDA

- Finance & Grant Admin. Updates
- Procurement & Vehicle Updates
- Compliance updates
- Visioning Workshops technical assistance
- Zero-Emission Fleet Transition planning
- Paved trail feasibility studies and Safe Routes to School updates
- DBE updates
- Questions



NORTH CAROLINA Department of Transportation



Integrated Mobility Division Transit Systems Call

January 10, 2023

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AGENDA

- MEE NC Grant Award
- Finance & Grant Admin. Updates
- Procurement & Vehicle Updates
- Compliance Updates
- Other Updates
- RTAP Training Program
- Transit Visioning Update
- Bike Helmet Initiative
- Transit Communications Hub
- DBE updates
- Questions