

FY 2016 – FY 2018

DISADVANTAGED BUSINESS ENTERPRISE PROGRAM METHODOLOGY

FOR



METROPOLITAN WASHINGTON

Council of Governments

WASHINGTON, D.C.

“Revised”

AUGUST 26, 2015

WITH ASSISTANCE FROM

MILLIGAN & COMPANY, LLC

Metropolitan Washington Council of Governments (COG)

Overall Disadvantaged Business Enterprise Goal Setting Methodology for Federal Fiscal Years (FFYs) 2016 - 2018

The Metropolitan Washington Council of Governments (COG) has established an overall goal of 16.26% for Disadvantaged Business Enterprise (DBE) participation for Federal Fiscal Years (FFYs) 2016 – 2018. The overall combined DBE goal will be achieved through 14.26% race/gender-conscious means and 2% race/gender-neutral means. The goal includes Federal Transit Administration (FTA) funded projects and is based upon 49 CFR Part 26 “Participation by Disadvantaged Business Enterprises in Department of Transportation Financial Assistance Programs” and the US Department of Transportation’s “Tips for Goal-Setting in the Disadvantaged Business Enterprise Program”.

The following sources of information were utilized in the development of the triennial goal:

- Projected federally funded projects by North American Industry Classification System (NAICS) codes;
- Dollar value of all projected federally funded projects;
- The COG’s market area consisting of the District of Columbia and surrounding jurisdictions; in Maryland the jurisdictions include Charles County, Frederick County, Montgomery County, and Prince George’s County; and in Virginia the jurisdictions include Alexandria, Arlington County, Fairfax County, and Loudoun County;
- The Census Bureau's County Business Patterns (CBP) database(<http://www.census.gov/econ/cbp/>); and
- State Unified Certification Program (UCP) DBE Directories for the District of Columbia, Maryland and Virginia
 - District of Columbia UCP** includes the *District of Columbia Department of Transportation (DDOT) and the Washington Metropolitan Area Transit Authority (WMATA)*;
 - Maryland UCP** includes the *Maryland Department of Transportation's Office of Minority Business Enterprise (OMBE)*; and
 - Virginia UCP** includes the *Virginia Department of Small Business and Supplier Diversity (DSBSD) and the Metropolitan Washington Airports Authority (MWAA)*.

Metropolitan Washington Council of Governments (COG)
 Overall Disadvantaged Business Enterprise (DBE)
 Goal Setting Methodology for FFYs 2016 - 2018

I. Background

The Metropolitan Washington Council of Governments (COG) is an independent, nonprofit association that consists of 22-governmental jurisdictions in Suburban Maryland, Northern Virginia and Washington, District of Columbia. As the administrative agent for the National Capital Region Transportation Planning Board (TPB), COG is both a direct recipient and designated recipient of Federal Transit Administration (FTA) funds through several grant programs such as the Transportation Investments Generating Economic Recovery (TIGER), Job Access and Reverse Commute (JARC), and New Freedom. For federal fiscal years 2013 – 2015, COG was the designated recipient for approximately \$49.1 million in TIGER funds for a variety of transit-related projects to the following sub-recipients:

- Washington District of Columbia Department of Transportation (DDOT)
- Washington Metropolitan Area Transit Authority (WMATA)
- Maryland Department of Transportation (MDOT)
- City of Alexandria, Virginia
- Potomac and Rappahannock Transportation Commission (PRTC)

Recognizing its responsibility to implement a DBE program that meets the requirements of 49 CFR, Part 26, COG uses a combination of in-house staff and third-party project management consultants to administer the grant awards and related DBE program and other compliance requirements.

COG has projected fifteen (15) projects to be awarded in federal fiscal years 2016 – 2018, upon which this goal methodology is based - **Table 1**. This projection includes two new programs – the *FTA Section 5310 Enhanced Mobility Program* and the *FTA State Safety Oversight (SSO) Program*. It is noted that there are no new projects projected for the TIGER, JARC or New Freedom grant programs beyond FFY 2015.

Table 1: COG – List of Projects for Federal Fiscal Years 2016 - 2018

	PROJECT	AMOUNT
1.	FTA Section 5310 Enhanced Mobility Project (Sub-recipients)	\$ 8,400,000
2.	Public Participation (Study of Public Awareness & Interest)	\$ 55,000
3.	Annual Report (Preparation of Publication & Printing)	\$ 36,000
4.	Transportation/Land-Use Connections (TLC) Program	\$ 780,000
5.	Department of Transportation Planning (DTP) Management	\$ 30,000
6.	Regional Studies	\$ 180,000
7.	Household Travel Survey	\$ 3,000,000
8.	Paratransit Study (WMATA)	\$ 90,000
9.	Highway Performance Monitoring System (HPMS) Traffic Counts (DC)	\$ 270,000
10.	Long Distance Commuter Bus Study (VA)	\$ 100,000
11.	Unified Planning Work Program (UPWP) Technical Assistance Studies (MD TLC)	\$ 880,000
12.	D.C. Highway Performance Monitoring System	\$ 270,000
13.	Assistance with Development/Application of MWCOG/NCRTPB Travel Demand Model	\$ 600,000
14.	Commuter Connections Regional Mass Marketing Program	\$ 680,000
15.	FTA State Safety Oversight (SSO) Transportation Safety Program	\$ 4,949,018
	TOTALS	\$ 20,320,018

Metropolitan Washington Council of Governments (COG)
 Overall Disadvantaged Business Enterprise (DBE)
 Goal Setting Methodology for FFYs 2016 - 2018

The proposed project list for the federal fiscal year is provided by COG’s Department of Transportation Planning and grouped by NAICS code, description/activity, dollar amount, and funding source. The project activities are for Special Needs Transportation, Urban Planning, Engineering, Marketing, and Transportation Safety services. The NAICS codes and project activities are listed in **Table 2**. These projects will be directly solicited, awarded and administered by COG; however, the Section 5310 Enhanced Mobility Program may include a combination of eight (8) to ten (10) individual contracts to be administered by various non-profit organizations or agencies as sub-recipients.

Table 2: Project/Activity Listing by NAICS Code Description

NAICS Code	NAICS Code Description / Projects/Activities	Estimated Project Costs
485991	<i>Special Needs Transportation</i>	\$ 8,400,000
	FTA Section 5310 Enhanced Mobility Project (Sub-recipients)	
541320	<i>Landscape Architectural Services (Urban Planning Services)</i>	\$ 5,691,000
	Public Participation (Study of Public Awareness & Interest)	
	Annual Report (Preparation of Publication & Printing)	
	Transportation/Land-Use Connections (TLC) Program	
	Department of Transportation Planning (DTP) Management	
	Regional Studies	
	Household Travel Survey	
	Paratransit Study (WMATA)	
	Highway Performance Monitoring System (HPMS) Traffic Counts (DC)	
	Long Distance Commuter Bus Study (VA)	
	Unified Planning Work Program (UPWP) Technical Assistance Studies (MD TLC)	
	D.C. Highway Performance Monitoring System	
541330	<i>Engineering Services</i>	\$ 600,000
	Assistance with Development/Application of MWCOG/NC RTPB Travel Demand Model	
541613	<i>Marketing Consulting Services</i>	\$ 680,000
	Commuter Connections Regional Mass Marketing Program	
541690	<i>Other Scientific and Technical Consulting Services</i>	\$ 4,949,018
	FTA State Safety Oversight (SSO) Transportation Safety Program	
	TOTALS	\$20,320,018

II. Methodology Used to Calculate Overall Goal

Step 1 – Determining Availability of Ready, Willing and Able DBEs

The available pool of ready, willing and able firms to participate in COG’s FTA-funded contracting opportunities is analyzed based on the specific NAICS codes and descriptions. The data sources used to derive the relative availability of DBEs in COG’s market area is the Census Bureau County Business Patterns¹ (CBP) database (<http://www.census.gov/econ/cbp/>) and the Unified Certification Program (UCP) DBE Directories from the District of Columbia, Maryland and Virginia. **Tables 3 and 4**

Data from the UCP DBE Directories was carefully reviewed to avoid double counting listed DBE firms.

Note: COG’s market area consists of the District of Columbia and surrounding jurisdictions; in Maryland the jurisdictions include Charles County, Frederick County, Montgomery County, and Prince George’s County; and in Virginia the jurisdictions include Alexandria, Arlington County, Fairfax County, and Loudoun County.

Table 3: Number of All Firms - Census Bureau County Business Patterns Database - By NAICS Code

Number of Total Firms	NAICS Code	Description
33	485991	Special Needs Transportation
100	541320	Landscape Architectural Services (Urban Planning Services)
1298	541330	Engineering Services
824	541613	Marketing Services
620	541690	Other Scientific and Technical Consulting Services
2875	Total Firms From Census Data Business Patterns Database	

Table 4: Number of DBE Firms – DC/MD/VA Unified Certification Program DBE Directories

Number of DBE Firms	NAICS Code	Description
10	485991	Special Needs Transportation
25	541320	Landscape Architectural Services (Urban Planning Services)
68	541330	Engineering Services
77	541613	Marketing Services
11	541690	Other Scientific and Technical Consulting Services
191	Total DBE Firms From DC/MD/VA DBE Directories	

Based upon the above total number for all firms and DBE firms, the relative DBE availability is calculated as follows:

$$\text{Base figure} = \frac{191 \text{ (Ready, Willing and Able DBEs)}}{2,875 \text{ (Total Firms Ready, Willing and Able)}} = 6.64\%$$

¹Published in April 2015 using 2013 data. The Census Bureau County Business Patterns data is published on an annual schedule

Metropolitan Washington Council of Governments (COG)
 Overall Disadvantaged Business Enterprise (DBE)
 Goal Setting Methodology for FFYs 2016 - 2018

Step 1 Base Figure Weighting – Weighting can help ensure that the Step 1 Base Figure is as accurate as possible. To establish the “Base Annual Goal”, the availability of DBEs in each NAICS code is computed and used to determine DBE contractible dollars. The total DBE contractible dollars are then divided by the total projected contracting dollars to determine the “base” FFY annual DBE goal, expressed as a percentage. **Table 5**

Table 5 – Calculation of COG’s Annual Goal for Federal Fiscal Years 2016 – 2018

NAICS Code	NAICS Code Description	Estimated Project Costs	Number of Firms		DBE %	DBE Dollars
			DBE	Total		
485991	Special Needs Transportation Services	\$4,200,000	10	33	30.30%	1,272,727
541320	Urban Planning Services	\$5,691,000	25	100	25.00%	1,422,750
541330	Engineering Services	\$1,589,804	68	1298	5.24%	83,287
541613	Marketing/Management Consulting Services	\$4,880,000	77	824	9.34%	456,019
541690	Other Scientific & Technical (Safety) Consulting Services	\$3,959,214	11	620	1.77%	70,244
TOTALS		\$20,320,018	191	2875		3,305,028
Base Triennial Goal		Total DBE Dollars		\$3,305,028	16.26%	
		Total Estimated Project Costs		\$20,320,018		
Less Race/Gender-Neutral Goal		Race-Gender Neutral DBE Participation in the Past Three (3) Years			-2.00%	
					14.26%	

It is noted in the goal calculation above that the total estimated project costs for the Section 5310 Enhanced Mobility Project and FTA State Safety Oversight (SSO) Program have been modified from the project costs shown in Table 2. The modification is a split in the project costs to reflect a more accurate apportionment based on the activity to the appropriate NAICS code for weighting purposes as follows:

Section 5310 Enhanced Mobility Project: \$8,400,000 – 50/50 Split: Transportation Services (\$4,200,000) and Management/Oversight Services (\$4,200,000). NAICS Code 485991 is reduced from \$8,400,000 to \$4,200,000 and NAICS Code 541613 is increased by \$4,200,000 from \$680,000 to \$4,880,000.

FTA State Safety Oversight (SSO) Program: \$4,494,018 – 80/20 Split: Transportation Safety Oversight Activities 80% and Engineering/Management Services 20%. NAICS Code 541690 is reduced by \$989,804 from \$4,494,018 to \$3,959,214 and NAICS Code 541330 is increased by \$989,804 from \$600,000 to \$1,589,804.

Step 2 – Adjusting the Base Figure

Once the DBE base figure has been calculated, regulations 49 CFR Part 26.45(d) requires that “all of the evidence available” in your jurisdiction must be examined to determine what adjustment, if any, is needed to the base figure to arrive at your overall goal.

The regulations further state that there are several types of evidence that must be considered when adjusting the base figure, such as: *49 CFR Part 26.45(d)(1)(i), “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.”*

For Step 2, COG has considered the types of projects that will be awarded over the next three fiscal years and has determined that they are very different from the types of projects awarded in the past years.

Specifically, for FFYs 2013 – 2015, in addition to COG’s overall program administration, there were sixteen (16) separate and individual TIGER funded projects administered by five (5) sub-recipients. The focus of the projects was improvements to the efficiency of the transit corridors through construction and technology. Opportunities included Engineering & Design services; Major and Minor Roadway Construction; Building Construction Trades, and Project and Program Management Consultant services.

The focus of COG’s projected projects for FFYs 2016 – 2018 is to enhance mobility for persons with disabilities and older adults; the implementation of a system safety oversight program; marketing, program management, and urban planning/study services. Therefore, no adjustment based on past performance is proposed for COG’s established overall DBE goal of 16.26%.

Step 3 – Determining the Race/Gender-Neutral and Race/Gender-Conscious Split

DBE Program guidelines at 49 CFR Part 26.51(a) states, *“You must meet the maximum feasible portion of your overall goal by using race-neutral means of facilitating race-neutral DBE participation. Race-neutral DBE participation includes any time a DBE wins a prime contract through customary competitive procurement procedures or is awarded a subcontract on a prime contract that does not carry a DBE contract goal.”*

An examination of COG’s DBE utilization reported in the Transportation Electronic Award Management (TEAM) System during the past three (3) year period (**Table 6**) have shown that race/gender-neutral participation have been achieved by DBEs as prime and subcontractors. Although the types of contracts to be awarded during FFYs 2016 – 2018 are dissimilar to the types of contracts awarded in past years, COG’s 3-year history of race/gender-neutral participation indicates that it is reasonable to assume that a portion of the overall annual DBE goal can be achieved through race/gender-neutral means.

Table 6: DBE Participation Race-Conscious / Race-Neutral Goal Achievement – FFYs 2013 - 2015

Federal Fiscal Year (FFYs)	Total Dollars Reported	Race-Conscious DBE Dollars Reported	Race-Neutral DBE Dollars Reported	Total DBE Dollars	DBE Goal	DBE Goal Achievement
2013	\$ 14,530,114	\$ 2,030,445	\$ 268,899	\$ 2,299,344	18.7%	15.82%
2014	\$ 1,382,105	\$ -	-	\$ -	18.7%	0.00%
2015 (June 1 st)	\$ 111,878	\$ -	49,735	\$ 49,735	18.7%	44.45%
Totals	\$ 16,024,097	\$ 2,030,445	\$ 318,634	\$ 2,349,079		
DBE %		12.67%	1.99%	14.66%		

COG has determined that the past 3-year goal achievement of 1.99% for race/gender-neutral participation is a reasonable benchmark for DBE participation in the projects anticipated for federal fiscal years 2016 – 2018. This capacity is expressed as a rounded percentage of 2% of the overall 16.26% DBE goal calculation.

III. Consultation and Publication of the Overall Goal

DBE Regulations 49 CFR Part 26.45 requires that: *“In establishing an overall goal, you must provide for consultation and publication. This includes: 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.”*

COG’s proposed goal will be posted on the agency’s website. A public meeting was held with interested stakeholders from the District of Columbia Small and Local Business Development organization, minority contractors and other community organizations to receive input regarding the proposed goal and its rationale. The meeting was advertised on COG’s website, in the Washington Post and with the District of Columbia Department of Small and Local Business Development (DSLBD) that distributed the announcement to its 1,100 membership listing. A copy of the announcement, meeting agenda, meeting summary, and sign-in sheet are an attachment to this report.

At the conclusion of the consultation meeting, no additional information or comments were received that would impact COG’s proposed DBE goal or the methodology. For example, in the question and answer session, discussion centered around three questions – (1) How are partnering opportunities for DBE and small firms advertised? (2) Is there a way to expedite payments for DBE and small firms? and (3) Can you provide more details on the Unified Certification Program (UCP) mentioned during the presentation? The details of the discussions are provided in the attachments to this document.