

SOUTH CAROLINA DEPARTMENT OF TRANSPORTATION
Methodology for Determining Disadvantaged Business Enterprise Goal
FEDERAL TRANSIT ADMINISTRATION
Federal Fiscal Years: 2021-2023
(49 CFR Part 26 Section 26.45)

DBE GOAL

Introduction

The South Carolina Department of Transportation, herein after referred to as SCDOT, has prepared this document to describe the methodology used to establish the overall Disadvantaged Business Enterprise (DBE) goal for its Federal Transit Administration (FTA) financially-assisted transit projects mandated by code of Federal Regulations.

Title 49 Chapter A Part 26 Subpart C Section 26.45 requires a two-step process for setting the overall DBE goal, which should reflect the expected level of DBE participation in SCDOT contracts in absence of discrimination.

It is recommended that SCDOT propose to establish a DBE overall goal for Federal Fiscal Years 2021-2023 at 4% with the entire amount projected to be met through race-neutral measures.

Annual Goal Methodology Process (Two Step Process)

Step One: Establishing the Base Figure (49 CFR 26.45©)

The Base Figure represents the relative availability of ready willing and able DBE firms as compared to all firms ready, willing and able to perform work for SCDOT. This ratio, expressed as a fraction is as follows:

DBEs

Non-DBEs and DBEs

SCDOT does not utilize the bidder's list approach due the requirements associated with the information that must be maintained for each bidder on the list. SCDOT chooses to utilize the total number of DBEs that are certified with the South Carolina Unified Certification Program (SCUCP). The total number of businesses ready, willing and able are a collective number of certified DBEs and non-DBEs which were determined with census data of similar businesses using the North American Industry Classification System (NAICS) code.

SCDOT primarily captures DBE contract opportunity data from the transit subrecipients who receive funding under the 5311 Program. Considering that SCDOT does not operate or manage transportation services, it is incumbent upon SCDOT to capture DBE participation from subrecipients who receive grants to provide transportation services. In reviewing the budgets of subrecipients for the next three fiscal years (FY2020-2021,

FY2021-2022 and FY2022-2023), there are DBE contract opportunities available at the subrecipient level.

The identified categories of work are included in the table below (Table 1). Table 1 below lists each of the relevant North American Industry Classification codes, the available categories of work, the number of SCDOT Certified DBEs, and listing of all non-DBEs from the most recent SC Economic Census data (Updated January 6, 2012) and the contract dollar amount associated with each available contract dollar amount associated with each available contract opportunity.

SCDOT expects the annual federal transit allocation to remain the steady-over the next three years (through the 2021-2023 federal fiscal years) and thus, SCDOT has projected the same base figure referenced below:

Table 1: Relative Availability DBEs by Categories of Work

NAICS CODES	CATEGORY OF WORK	Certified DBEs*	**Non-DBEs & DBEs
541810	Advertising/Public Relations	6	145
811212	Computer/Copier Sales/Repairs & Maintenance	3	65
453210	Office Supplies	2	97
621999	Drug Testing/Background Checks	3	42
541219	Other Accounting Services	9	410
561720	Janitorial Services	41	833
812331	Laundries, linen and uniform supply	0	21
423850	Janitorial Equipment & Supplies	6	74
453210	Office Supply Stores	2	97
441320	Tire Dealer (Truck tire & tube dealers)	1	375
423450	First Aid Kits Industrial Wholesale	1	119
811192	Automotive Detailing Services	9	202
532420	Office machinery and equipment rental	0	5
562212	Solid waste landfills combined and collections	0	27
441310	Automotive Parts & Accessories	2	656
	Total	85	3168

*SCDOT Certified DBE Program Directory (As of March 1, 2020)

**Only 34% of the US has approved and released their economic data. SC has not released its 2017 Economic Data according to the US Census Department. 2012 Economic Data will be used for all calculations.

Using the data collected and indicated in the Table 1 above, SCDOT determined the relative availability of DBEs for public transit contracts in the market area to be 2.7% as indicated below:

$$\frac{85 \text{ (Certified and Prospective) DBEs}}{3168 \text{ (Total Local Market Area Format)}} = 2.7\%$$

Step Two: Adjusting the Base Figure [49 CFR 23.45 (d)]

The regulation requires the Base Figure to be adjusted based upon the other evidence as follows:

A. Capacity

Capacity is based upon the volume of work certified DBEs have performed in the past. The question is whether the DBE firms can handle the volume of work in the same ratio as the Base Figure which is calculated above at 2.7%.

The race-neutral goal used by SCDOT for the past three fiscal years is outlined in Table 2 below:

Table 2 – Transit contract Award FFY2016 – FFY2019

FFY	DBE Dollars Spent	Percentage	Percentage Goal
2016-2017	\$97,000.00	4%	4%
2017-2018	\$423,000.00*	19%	4%
2018-2019	\$191,000.00*	10%	4%

**The DBE amounts for FY2017-2018 and 2018-2019 includes several small OPT issued projects, the primary one was to hire consultants to assist 5311 and 5310 subrecipients with updating their Title VI plans for compliance. This project entailed assisting sixteen 5311 subrecipients and over fifty 5310 subrecipients. Of the consultants awarded this project 85% of the contract activity was awarded to certified DBE firms.*

A review of the contract awards as outlined in Table 2 above indicates that the race-neutral goals were met for the fiscal years of 2016-2019.

Due to the reliance of obtaining the DBE participation is primarily from subrecipient contract activity via race neutral means, SCDOT has no direct impact on the attainment of the DBE goal. SCDOT will continue researching opportunities to promote the DBE program and assist subrecipients as much as possible attaining the DBE requirements. For this reason, the recommended Transit Goal for FFY21-23 is adjusted upward to a race neutral percentage of 4% which should be achievable with the additional outreach and technical assistance efforts of SCDOT.

B. Contract Dollars Available

A review of the local transit agency budgets indicated that there is potential average dollar amount of \$87,000 per year that may be contracted by the subrecipients. Several subrecipients opt to procure services and goods from SC State Contract agreements such as the case with fuel, oil and tires, drug testing, background checks, etc. to levy better

pricing. SCDOT strongly suggests that subrecipients at least verify whether there are certified DBEs in which to solicit a proposal for these services prior to issuance of a contract and/or purchase order to assess whether the DBE firm's pricing is compatible to the State contract fees. SCDOT does not anticipate receiving an increase in federal dollars over the next three federal fiscal years, the local transit authority contract dollar amounts are anticipated to remain relatively flat for the FFY 2021-23 and thus, the DBE goal for FFY 2021-23 is also projected to be the same.

Step Three: Setting the Public Transit Goal

It is recommended that SCDOT establish its FFY2021-2023 DBE goal of 4% to be met through race neutral measures.