

SOUTH CAROLINA DEPARTMENT OF TRANSPORTATION
FFY 2009-2010 **FINAL** GOAL SETTING METHODOLOGY FOR
MASS TRANSIT FUNDS

Introduction

The South Carolina Department of Transportation, hereinafter referred to as SCDOT, has prepared this document to describe the methodology used to establish the overall disadvantaged business enterprises (DBE) goal for its Federal Transit Administration (FTA) financially-assisted transit projects mandated by 49 CFR Part 26. When establishing this goal, SCDOT relied upon and adhered to guidance provided in the regulations.

49 CFR, Part 26, § 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.

SCDOT proposes to establish its DBE FTA overall goal for federal fiscal year 2009-2010 (“FFY 2010”) at 5% with the entire amount projected to be met through race-neutral measures.

Annual Goal Methodology Process (Two-Step Process)

I. Step One – Establishing the Base Figure [49 CFR 26.45(c)]

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:

$$\frac{\text{DBEs}}{\text{Non-DBEs and DBEs}}$$

SCDOT opted not to utilize a bidder’s list approach because most of the DBE firms identified by the grantees were not SCDOT certified or were not certified at all. SCDOT has chosen to utilize the certified DBE list and census data, as allowed by 49 CFR, Part 26, § 26.45(c)(1), to determine the Base Figure.

SCDOT is applying its DBE goal in the area of technical assistance contracts, because this is the only area in which SCDOT directly contracts with a firm to perform mass transit work. This decision has been approved by the Federal Transit Administration (FTA). In an effort to determine the number of firms willing and able to perform “technical assistance” contracts, SCDOT counted the number of available firms engaged in technical assistance work, as identified on the SCDOT Unified Certification Program Directory as of June 2009. SCDOT identified eighteen management consulting firms. SCDOT utilized the most recent census bureau data to determine the total number of management consulting firms in the South Carolina market area. SCDOT identified 881 firms under North American Industry Classification System (NAICS) Code 54161 (Management Consulting Services). NAICS Code 54133 (Engineering Services) was not considered because these firms do not compete for mass transit technical assistance contracts.

Using the data collected, SCDOT determined the relative availability of DBEs for mass transit technical assistance contracts in the market area is 2%, as indicated below:

$$\frac{18 \text{ SCDOT-certified DBEs}}{881 \text{ Total market-area firms}} = 2.0\%$$

Based on this, SCDOT has determined its **Base Figure** (relative availability of DBEs) to be 2%.

II. **Step Two – Adjusting the Base Figure [49 CFR 26.45 (d)]**

The regulations require the Base Figure to be adjusted based upon 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 (calculated above as 2%).

The race-neutral DBE Goal for FFY 2008-2009 was 5% and the DBE participation for that year was 8.25%, exceeding the goal by 3.25%. The FFY 2008-2009 expenditures were as follows:

Proposed Budget	Total Expenditures	DBE Expenditures	DBE %
			Participation Expenditures
\$350,000	\$347,463	\$28,665	8.25%

SCDOT is currently under a contract with a minority management consulting firm for a major technical assistance effort. This firm is not certified in its home state and withdrew its application from South Carolina in October 2007. Because the contract is a two-year contract (December 2006-December 31, 2008), SCDOT did not contract with another DBE firm for FY 2008-2009. Since the firm was not a DBE prior to award of contract, SCDOT may not count for these funds towards the DBE goal. However, SCDOT awarded contracts to sub-recipients who expended a total of \$28,665 with DBE firms in technical assistance, operations and/or administration categories during this period. This total contributed towards the Mass Transit DBE goal.

Management expects to utilize more DBE firms certified by SCDOT in the upcoming fiscal year. Efforts are being made to encourage grantees to identify a goal for qualified line items. In consideration of the above factors, management believes that SCDOT can meet or exceed a 5% participation goal for the upcoming fiscal year. Therefore, SCDOT is comfortable with adjusting the Base Figure to 5% for FFY 2009-2010.

B. Dollars Available

The breakdown of the Mass Transit budget for FFY 2009-2010 is as follows:

Project administration	\$ 2,924,312
Capital expenditures	14,011,285
Operations	4,170,011
Technical assistance	300,000
State administration	<u>1,107,075</u>
Total	<u>\$22,512,683</u>

As previously stated, it is difficult to obtain an accurate picture of the availability of certified SCDOT DBEs competing for contracts in areas other than technical assistance. Many of the DBE firms who perform transit services in other areas are not SCDOT certified. In light of this situation, we will increase outreach efforts to solicit more applicants in this area and utilize DBE firms contracted directly by SCDOT and/or through the sub-recipients.

Based on these factors, the FFY 2009-2010 proposed budget for the category of technical assistance funds is as follows:

Proposed Budget	<u>Race-Neutral DBE Goal%</u>	Required Amount to meet the DBE goal
\$300,000	5%	\$15,000

Since there are eighteen available SCDOT certified DBE firms in the transit area, it is believed that these DBEs should be able to perform services to meet \$15,000 or more of this projected volume of work during the year in FFY 2009-2010.

C. Other Evidence

SCDOT is not aware of any other evidence that would be pertinent to its goal-setting process.

III. Step Three – Setting the Mass Transit Goal

SCDOT has established its FFY 2009-2010 DBE goal at 5% to be met through race-neutral measures.

IV. Public Participation – 49 CFR 26.45(g)(1)

(g) In establishing an overall goal, you must provide for public participation. This public participation must include:

(1) 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.

In an effort to satisfy the requirement of public participation, SCDOT held public consultation meetings April 21, 2009, in Columbia, South Carolina; April 22, 2009, in Greenville, South Carolina; and April 28, 2009, in Charleston, South Carolina. Approximately seven hundred and twenty (720) invitations were extended. The invitee list included all firms listed on the South Carolina UCP Directory, pre-qualified contractors and consultants list at the time of the mailing.

Additionally, UCP partners were invited, along with Metropolitan Planning Organizations (MPOs), Councils of Governments (COGs) and transit providers. Various minority and women's organizations, other partners, members of the South Carolina Black Caucus, and local Federal Highway Administration representatives were invited to attend. A collective total of sixty-nine (69) invitees (60 DBE firms/other organizations) were in attendance.

SCDOT opted to utilize a "World Café" approach, which allowed for different individuals to sit at several tables in small conversation clusters to explore questions or issues that matter as it relates to doing business with SCDOT. Each table was headed by an employee of the Office of Business Development and Special Programs who served as the facilitator responsible for asking the questions designated for their respective table. Prior to the group sessions commencing, participants were encouraged to jot down ideas on the comment cards provided and an attendee was designated to place group information on a flip chart. Time was called at the beginning and end of each session. When time was called, participants immediately moved to the next designated table to discuss new topics. Participants were allowed 5 minutes to rotate to the next table and were notified when to begin the next session. This process continued to a third table, which was the final rotation. At the end of the final session, time was called and the consultation meeting ended with a wrap up, which included a brief summary of common interests/concerns and closing remarks. SCDOT considered the input from these groups in setting the proposed goal as required by 49 CFR § 26.45(g) (1).

Additionally, SCDOT will publish the attached Notice of Proposed FFY 2010 DBE Goal soliciting comments from the public in the following local newspapers: *Millennium Magazine*, *Black News*, *The Community Times*, all minority focused publications; *The Greenville News*; *The Charleston Post and Courier*; *The State* (Columbia, SC); *The Sun News* (Myrtle Beach, SC); and *South Carolina Business Opportunities* (State procurement publication). SCDOT will also publish the notice and a copy of the goal statement and methodology and solicit input from the public on SCDOT's website at:

<http://www.scdot.org/doing/dbe.shtml>

The goal statement and methodology will be available for inspection for a period of 30 days from the date of the notice, during the hours of 8:30 a.m. and 5:00 p.m., at SCDOT Headquarters, 955 Park Street, Columbia, South Carolina, in the Business Development Center, Room 213, and on SCDOT's website at:

<http://www.scdot.org/doing/dbe.shtml>.

SCDOT will accept written comments on the goals for 45 days from the date of the notice. Written comments must be sent to: **Ms. Carolyn D. Burton**, SCDOT, P.O. Box 191, Columbia, SC 29202.

SCDOT will also send letters to persons who would be expected to be interested in the DBE program, enclosing copies of the proposed Goal Statement and Methodology and soliciting comments. Letters will be sent to the Executive President of the Carolinas AGC (prime contractors association); South Carolina Commission on South Carolina Minority Affairs (entity representing multiple minority interests); Chair of the South Carolina Legislative Black Caucus; Hispanic Contractors Association of the Carolinas; and Executive Director of the South Carolina Women's Business Center.

SCDOT will consider any written comments it receives from the public in setting its final goal. After consideration has been given, SCDOT will issue its final goal statement and methodology. SCDOT believes that this procedure satisfies the public participation requirements set forth in 49 CFR § 26.45(g)(1). Additionally, SCDOT feels that its goal methodology is consistent with the requirements of 49 CFR § 26.45.