

**Arkansas State Highway and Transportation Department**



**FINAL**

**Disadvantaged Business Enterprise (DBE) Participation Goal  
On Federally-Assisted Transit Projects  
for  
Federal Fiscal Years 2012 - 2014**

Prepared by:  
**Planning and Research Division**  
and  
**EEO/DBE**

In compliance with:  
**Title 49, Part 26 of the Code of Federal Regulations (49 CFR 26)**

Date:  
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## **INTRODUCTION**

This report complies with the Disadvantaged Business Enterprise (DBE) rule in Title 49 Code of Federal Regulations Part 26 (49 CFR 26) and details the Arkansas State Highway and Transportation Department's process for setting the Federal Fiscal Years (FFYs) 2012 - 2014 overall goal for DBE participation in federally assisted transit projects.

49 CFR 26 requires that this goal be submitted for review by the Federal Transit Administration. This submission must include 1) A description of the methodology used to establish the goal, including the base figure and evidence with which it was calculated, and the evidence relied on for any adjustments; and 2) A projection of the portions of the overall goal expected to be met through race/gender-conscious measures, respectively; and should include 3) A summary listing of relevant available evidence of disparity and, where applicable, an explanation of why that evidence was not used to adjust the base figure.

For any questions or comments contact:

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## **SUMMARY**

### **Proposed DBE Goal for Federal Fiscal Years 2012 - 2014**

The Arkansas State Highway and Transportation Department (AHTD) proposes the following goal for participation by DBEs on federally assisted transit contracts for FFYs 2012- 2014:

Total DBE Goal	1.33%
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## **Public Participation Process**

Prior to being made available for public comment, a preliminary version of this report was distributed to the DBE Advisory Committee for their review and comments. The DBE Advisory Committee consists of representatives from the AHTD, the Federal Highway Administration (FHWA), non-DBE contractors, AHTD's certified DBE contractors, and the Arkansas - Mississippi Minority Business Council. The DBE Advisory Committee reviewed the goal and the methodology used to calculate the goal.

AHTD Certified DBEs have been notified that this report is available and will be provided a copy upon request.

This report was forwarded to various interested groups with an offer to meet and discuss the proposed goal and rationale used to develop the goal.

The AHTD published a notice in either English or Spanish as appropriate announcing the proposed overall goal in the Arkansas Democrat-Gazette and in available minority focused and trade association publications (El Latino, Enlace Latino, The Morning News, The Stand, South Arkansas Sun, Hola! Arkansas, Asian American Reporter, Noticias Libres). The notice informed the public that the proposed goal and its rationale is available for inspection for 30 days following the date of the notice on the Department's website ([www.arkansashighways.com](http://www.arkansashighways.com)) or during normal business hours at the Department's Central Offices, and that written comments will be accepted for 45 days from the date of the notice.

## **DESCRIPTION OF METHODOLOGY**

The methodology used to calculate the AHTD's FFYs 2012 - 2014 DBE Goal was based on the Department of Transportation's Office of Small and Disadvantaged Business Utilization's "Tips for Goal Setting in the DBE Program" (Appendix A) utilizing information obtained from the 2008 Economic Census and the Department's Certified Disadvantaged Business Enterprise Directory.

## **Background Information**

The AHTD administers federally assisted transit programs in Arkansas. Most of the federal funds are passed through the AHTD to various public and private nonprofit transit systems. Only the public transit systems receive operating and capital funds. Even after attempts by both the AHTD and the public transit systems to identify minority contractors for certification as disadvantaged business enterprises, the number of certified DBE contractors has continued to decline.

**STEP ONE: DEVELOPMENT OF THE BASE GOAL**

In Step One of the goal setting process, contractible items were identified and a weighted average figured for each item. Then the Base Goal was figured using the relative availability (percentage) of DBEs in Arkansas to perform contracts (both prime and sub) scheduled for FFYs 2012 - 2014. In simplest terms, this percentage, or base goal, can be calculated as follows:

Table 1  
2012 - 2014 Transit Programs

	<b>Description of Work</b>	<b>Amount</b>	<b>Percent of Total (Weight)</b>
1	Accounting/Audit	\$73,473	0.61%
2	Administrative Services - Temporary Employment	\$0	0.00%
3	Advertising	\$90,732	0.75%
4	Architect	\$0	0.00%
5	Auto Repair & Maintenance	\$1,047,011	8.66%
6	Auto Parts, Accessories & Tires	\$410,996	3.40%
7	Building Material & Repair	\$384,503	3.18%
8	Camera & Photographic Supplies	\$0	0.00%
9	Clothing/Uniforms	\$83,475	0.69%
10	Communication Equipment	\$0	0.00%
11	Computer, Communication & Office Machine Repairs	\$49,680	0.41%
12	Computers & Software	\$52,609	0.44%
13	Dry Cleaning & Laundry Services	\$0	0.00%
14	Health Practioners - Drug Screens/Physicals	\$37,944	0.31%
15	Insurance Agencies & Brokers	\$2,535,804	20.97%
16	Janitorial	\$26,910	0.22%
17	Landscaping Services	\$750	0.01%
18	Marketing Research & Public Opinion Polls	\$0	0.00%
19	Motor Vehicle Supplies & Parts (OVR Coach)	\$900,000	7.44%
20	Office Supplies	\$237,051	1.96%
21	Other Chemical and Allied Products (Vehicle Care Chemicals)	\$5,000	0.04%
22	Paint and Wall Covering Contractor	\$0	0.00%
23	Pest Control	\$7,260	0.06%
24	Petroleum - Retail	\$3,269,794	27.04%
25	Petroleum - Wholesale	\$2,782,839	23.02%
26	Plumbing, Heating & AC	\$0	0.00%
27	Printing & Writing Paper Merchant & Wholesale	\$0	0.00%
28	Process, Physical Distribution and Logistics Consulting Services	\$0	0.00%
29	Professional Services	\$65,529	0.54%
30	Stationary & Office Supplies Merchant	\$0	0.00%
31	Translation & Interpretation	\$0	0.00%
32	Transportation Management	\$30,000	0.25%
	<b>Totals</b>	<b>\$12,091,360</b>	<b>100.00%</b>

To further refine this percentage, weighting was applied using both the percentage of work to be done and the availability of DBEs to perform each work category. This data was obtained using the 2008 Economic Census – County Business Patterns for Arkansas Tables (Construction, Retail and Wholesale) and the AHTD’s Disadvantaged Business Enterprise Directory.

$$\text{Base Goal} = \frac{\text{Ready, Willing, and Able DBEs}}{\text{All Firms Ready, Willing, and Able (DBEs and non-DBEs)}} = \text{Relative Availability}$$

Table 2  
2008 Census County Business Patterns for Arkansas  
Relative Availability Chart

	Description of Work	Directory Number of Certified DBEs	Number of Firms	Relative Availability
1	Accounting/Audit	1	541	0.0018
2	Administrative Services - Temporary Employment	0	78	0.0000
3	Advertising	2	110	0.0182
4	Architect	3	154	0.0195
5	Auto Repair & Maintenance	0	1,411	0.0000
6	Auto Part, Accessories & Tires	0	827	0.0000
7	Building Material & Repair	2	804	0.0025
8	Camera & Photographic Supplies	0	2	0.0000
9	Clothing/Uniforms	0	8	0.0000
10	Communication Equipment	0	284	0.0000
11	Computer, Communication & Office Machine Repairs	1	98	0.0102
12	Computers & Software	0	75	0.0000
13	Dry Cleaning & Laundry Services	1	198	0.0051
14	Health Practitioners - Drug Screens/Physicals	0	93	0.0000
15	Insurance Agencies & Brokers	2	1,519	0.0013
16	Janitorial	1	354	0.0028
17	Landscaping Services	4	519	0.0077
18	Marketing Research & Public Opinion Polling	2	14	0.1429
19	Motor Vehicles Supplies & Parts (OVR Coach)	2	101	0.0198
20	Office Supplies	0	78	0.0000
21	Other Chemical and Allied Products (Vehicles)	2	91	0.0220
22	Paint and Wall Covering Contractor	4	197	0.0203
23	Pest Control	0	160	0.0000
24	Petroleum - Retail	0	1,554	0.0000
25	Petroleum - Wholesale	0	100	0.0000
26	Plumbing, Heating & AC	5	982	0.0051
27	Printing and Writing Paper Merchant Wholesaler	1	5	0.2000
28	Process, Physical Distribution and Logistics Consulting Services	4	50	0.0800
29	Professional, Scientific & Technical Services	1	72	0.0139
30	Stationary & Office Supplies Merchant Wholesalers	2	41	0.0488
31	Translation & Interpretation	0	5	0.0000
32	Transportation Management Consulting	1	341	0.0029
	<b>Combined Totals</b>	<b>41</b>	<b>10,866</b>	<b>0.6247</b>

Table 3  
Transit Programs DBE Goal Calculation

<b>Description of Work</b>		<b>Percent of 2011 Transit Program (A)</b>	<b>Relative Availability (B)</b>	<b>Step One Base Goal (AxB)</b>
1	Accounting/Audit	0.61%	0.18%	0.00%
2	Administrative Services - Temporary Employment	0.00%	0.00%	0.00%
3	Advertising	0.75%	1.82%	0.01%
4	Architect	0.00%	1.95%	0.00%
5	Auto Repair & Maintenance	8.66%	0.00%	0.00%
6	Auto Part, Accessories & Tires	3.40%	0.00%	0.00%
7	Building Material & Repair	3.18%	0.25%	0.01%
8	Camera & Photographic Supplies	0.00%	0.00%	0.00%
9	Clothing/Uniforms	0.69%	0.00%	0.00%
10	Communication Equipment	0.00%	0.00%	0.00%
11	Computer, Communication & Office Machine Repairs	0.41%	1.02%	0.00%
12	Computers & Software	0.44%	0.00%	0.00%
13	Dry Cleaning & Laundry Services	0.00%	0.51%	0.00%
14	Health Practitioners - Drug Screens/Physicals	0.31%	0.00%	0.00%
15	Insurance Agencies & Brokers	20.97%	0.13%	0.03%
16	Janitorial	0.22%	0.28%	0.00%
17	Landscaping Services	0.01%	0.77%	0.00%
18	Marketing Research & Public Opinion Polling	0.00%	14.29%	0.00%
19	Motor Vehicles Supplies & Parts (OVR Coach)	7.44%	1.98%	0.15%
20	Office Supplies	1.96%	0.00%	0.00%
21	Other Chemical and Allied Products	0.04%	2.20%	0.00%
22	Paint and Wall Covering Contractor	0.00%	2.03%	0.00%
23	Pest Control	0.06%	0.00%	0.00%
24	Petroleum - Retail	27.04%	0.00%	0.00%
25	Petroleum - Wholesale	23.02%	0.00%	0.00%
26	Plumbing, Heating & AC	0.00%	0.51%	0.00%
27	Printing and Writing Paper Merchant	0.00%	20.00%	0.00%
28	Process, Physical Distribution and Logistics Consulting Services	0.00%	8.00%	0.00%
29	Professional Services	0.54%	1.39%	0.01%
30	Stationary & Office Supplies Merchant Wholesalers	0.00%	4.88%	0.00%
31	Translation & Interpretation	0.00%	0.00%	0.00%
32	Transportation/Administrative Management/Consulting Services	0.25%	0.29%	0.00%
	<b>Combined Totals</b>	<b>100.00%</b>	<b>62.47%</b>	<b>0.21%</b>

**STEP TWO: ADJUSTMENTS**

To determine if adjustments are necessary, include past participation and evidence of disparity studies, as well as any other data available that would help to measure the percent of DBE participation in the absence of discrimination.

**Past Participation:**

Table 4  
DBE Median Participation (FFYs 2002 – 2010)

	<b>DBE CONTRACT</b>	<b>ACTUAL ANNUAL</b>
<b>FFY</b>	<b>GOALS</b>	<b>PARTICIPATION</b>
2002	5.10%	0.00%
2003	5.00%	0.02%
2007	2.28%	1.25%
2009	1.49%	1.25%
2004	5.01%	2.44%
2006	3.50%	2.85%
2005	2.78%	3.73%
2010	4.62%	8.38%
2008	1.79%	8.40%
<b>MEDIAN</b>		<b>2.44%</b>

The median participation FFYs 2002 - 2010 and Step One Base Goal is

<u>DBE MEDIAN PARTICIPATION (2002 – 2010)</u>	<u>2.44%</u>
<u>STEP ONE BASE GOAL</u>	<u>.21%</u>
Total	2.65%
	÷ 2
<b>GOAL</b>	<b>1.33%</b>

## **DISPARITY STUDIES AND OTHER EVIDENCE OF DISCRIMINATION**

There were no available disparity studies performed within the market area.

### **RACE/GENDER-NEUTRAL AND RACE/GENDER CONSCIOUS DETERMINATION**

The next step is to forecast the race/gender-neutral and race/gender-conscious portion of the Step Two Adjusted Goal. As stated in 49 CFR Section 25.51, the maximum feasible portion of the overall goal must be met by using race/gender-neutral means of facilitating DBE participation. Race/gender-neutral participation includes: 1) DBEs who win prime contracts through customary competitive procurement procedures; 2) DBEs who are awarded subcontracts on prime contracts that do not carry a DBE goal; and 3) DBEs who are awarded subcontracts in excess of the stated project goal.

The following considerations were made when determining the race/gender-neutral and race/gender conscious component of the goal setting process.

#### **Past Race/Gender-Neutral Participation by DBEs on Transit Projects**

The AHTD passes through federal funds to public and private non-profit transit systems that procure items using procurement processes because of governing legislation or fiscal restraints by funding agencies. Due to low participation by DBEs in the certification process, it has been difficult at best to identify ready, willing, and able DBEs to participate in small procurements. Efforts will be made to increase DBE participation on transit projects. **The Total DBE Goal for FFYs 2012 - 2014 is 1.33%.**

## **APPENDICES**

- A - U.S. Dept. of Transportation's Tips for Goal-Setting in the DBE Program
- B - Local Market Area and Data Sources
- C - Written Comments Received and Actions Taken

## **APPENDIX B – LOCAL MARKET AREA AND DATA SOURCES**

The local market area is defined as the area where the substantial majority of contracting dollars are spent and the area in which the substantial majority of the contractors and subcontractors are located. It is determined that AHTD's local market area is the state of Arkansas and includes in-state highway contractors, building contractors, service providers, retail and wholesale distributors of goods and merchandise that have a history of bidding on AHTD transit projects.

The following data sources and assumptions were used in calculating the FFYs 2012-2014 DBE goal:

AHTD's Directory of Disadvantaged Business Enterprises  
AHTD's DBE Participation Reports from Prior Years  
Transit's Monthly Contractible List and Expenditures Report  
The 2008 Economic Census Tables (Construction, Retail and Wholesale)

**APPENDIX C – Written Comments Received and Actions Taken**

No comments.