

# 2012-2014 Annual DBE Goal Setting Public Meeting Minutes

**The second of two public meetings was held on July 5, 2011 at 2:00 p.m. in the Ames First Floor NW Conference Room. The meeting was attended by 11 individuals from the public (including 4 on the teleconference), 3 Iowa DOT staff from the Office of Contracts, 1 Iowa DOT staff from the Office of Construction, and 3 FHWA representatives.**

Maria Hobbs opened the meeting asking everyone to sign in and had everyone introduce themselves. Gave a review of the previous meeting held May 3<sup>rd</sup> and that this is the second meeting to discuss the Goal Setting Process. We have asked for public comments, are at the data collection process, have calculated, and ready to propose the Annual 3 year DBE Goal.

Brian Fouch, FHWA Division Administrator gave an overview of the DBE Program and how it relates to the construction industry and small businesses outside the DBE Program.

Maria Hobbs talked about the Iowa DOT DBE Program in reference to meeting Federal Regulations 49 CFR Part 26 and the timeline for developing the DBE goal.

Maria went over the methodology and the steps in determining the DBE annual goal, definition of ready, willing, and able, implementation of the federal regulations, and race neutral vs. race conscious measures. (See attached handout)

Opened meeting up to questions and comments.

Asked if there are any tools to collecting data for a disparity study? Maria answered that there is a possibility that a study could take place and Iowa is available to assist in this, but none have been requested. Roger said we have been collecting data for about 12 years so the data is no problem, but the biggest concern is the need to do them every 3 - 4 years and that is the biggest concern.

Maria commented from the May 3<sup>rd</sup> a suggestion to have the DBE Accomplishment by ethnicity and gender made available was made and as a result, this information has been put on the DBE web page at [http://www.iowadot.gov/contracts/contracts\\_eeoaa.htm](http://www.iowadot.gov/contracts/contracts_eeoaa.htm). There was discussion on the information in these charts.

There was discussion on soliciting firms to become DBEs. Roger talked about what the procedures we currently have in place to encourage not only minority and women firms to become DBE certified, such as TSB workshops. In addition, projects for any small business to participate in are now available and have provided additional opportunity for DBE's as well.

Maria reminded everyone to submit any comments by July 25 and there is a comment sheet available.

Meeting Concluded at 2:37 p.m.



# 2012-2014 Annual DBE Goal Setting

To educate the public on the Annual DBE goal setting regulations, the various DBE goal setting options and explain Iowa's DBE current goal setting methodology, seek information to aid in the consultation of the proposed annual DBE goal setting.

Date/Time	Topic	Presenter
2:00 P.M.	Opening Statement & Introductions	Maria Hobbs
2:05 P.M.	DBE Federal Regulations Update	Brian Fouch, FHWA Division Administrator &/or Kim Anderson, FHWA Division Civil Rights and Small Federal Program Mgr.
2:10 P.M.	Various DBE Goal Setting Options and review of selected method with supporting data used to calculate the proposed DBE goal.	Maria Hobbs, IDOT, External Civil Rights Administrator
2:30 P.M.	Questions & Comments	Roger Bierbaum, IDOT, Office of Contracts Engineer
3:00 P.M.	Closing	Maria Hobbs, IDOT

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# FY 2012- FY 2014 DBE Goals

## Iowa Department of Transportation

June 6, 2011

### Methodology

To comply with 49 CFR Part 26.45, the Iowa DOT established its overall DBE goal based on the availability of ready, willing, and able DBEs, within the Iowa highway construction industry, relative to the availability of all ready, willing, and able businesses within the same industry (hereafter, this proportion is referred to as "the relative availability of DBEs"). Establishing the overall DBE goal involves two primary steps:

1. Determining a base figure for the relative availability of DBEs.
2. Examining evidence in the state to determine what adjustments, if any, are necessary to the base figure to arrive at the overall goal.

The Iowa Department of Transportation is using the same basic methodology to determine our FHWA FY2012 DBE Goal that was utilized for our annual DBE goals beginning in FY2000. Comparisons to previous goals are shown in Attachment A.

### Step One: Determining the Relative Availability of DBEs

The Iowa DOT uses (5) Alternative Methods as our Step 1 method to determine the availability of ready, willing, and able DBEs, within the Iowa highway construction industry, relative to the availability of all ready, willing, and able businesses within the same industry.

In 1999, the Iowa DOT started to maintain a database for each contract bid, a list of firms who had requested either a plan or a proposal. Any ready, willing, and able firm would need the details of the project in order to submit a quote. Since the Iowa DOT is the only source of for these documents, our planholders list compresses the list of ready, willing, and able firms. The information obtained by Iowa DOT resulted in a statistically sound estimate of the universe of all bidders, including DBE and non-DBE subcontractors. A planholders list was established covering a three-year period for all contracts, including suppliers, manufacturers, truckers, and consultants and is included when making the calculation, which is represented by the following mathematical formula.

$$\frac{48 \text{ different DBE firms requesting plans or proposal}}{1058 \text{ Total \# of different firms requesting plans or proposals}} = 4.5\%$$

The Iowa DOT also determined the actual number of firms who have received either at least one Iowa DOT contract or subcontract during the last three years. The relative availability of DBEs was calculated by comparing the number of different DBE firms, awarded at least one Iowa DOT contract or subcontract during the last three years, with the number of different firms from the population of all businesses that had been awarded at least one such contract or subcontract during the same time period. Suppliers, manufacturers, and consultants were not included when making the calculation, which is represented by the following mathematical formula:

$$\frac{37 \text{ different DBE firms receiving contracts or subcontracts}}{719 \text{ different firms, in industry, receiving contracts or subcontracts}} = 5.1\%$$

## **Step 2: Examining Available Evidence to Make Adjustments, if Necessary**

To determine what adjustments, if any, were necessary to estimates of the relative availability of DBEs, the Iowa DOT examined the following five factors:

- **Factor 1.** The percentage of all Iowa DOT prime contracts, received by DBEs, was examined because such contracts were awarded through a race-neutral, low-bid process. The percentage should, therefore, represent the ability of DBE firms to compete and obtain prime contracts in a race-neutral market. The following formula was used to obtain this percentage:

$$\frac{63 \text{ DBE prime contract awards}}{1960 \text{ all prime contract awards}} = 3.2\%$$

- **Factor 2.** The percentage of all Iowa DOT subcontracts received by DBEs, for both Federal and non-Federal aid projects, was examined because this percentage represents the ability of DBEs to compete and obtain subcontracts through both race-neutral and race-conscious measures. Suppliers, manufacturers, truckers, and consultants were not included when calculating this percentage with the following mathematical formula: (why)

$$\frac{793 \text{ DBE subcontracts awarded}}{7007 \text{ all subcontracts awarded}} = 11.3\%$$

- **Factor 3.** The percentage of all Iowa DOT **contracts and subcontracts dollars** received by DBEs, for both Federal and non-Federal aid projects, was examined. The resulting percentage determined the amount of work received by DBEs relative to the maximum total work capacity of all firms. The following formula was used to obtain this percentage:

$$\frac{93.7 \text{ million dollars of all DBE contracts and subcontracts}}{2327.9 \text{ million dollars of all contracts (to all firms in the industry)}} = 4.0\%$$

- **Factor 4.** The percentage of all Iowa DOT **contracts dollars** received by DBEs, for both Federal and non-Federal aid projects, was examined. The resulting percentage determined the amount of work received by DBEs by the low bid process (race neutral). The following formula was used to obtain this percentage:

$$\frac{26.0 \text{ million dollars of all DBE contracts}}{2327.9 \text{ million dollars of all contracts}} = 1.1\%$$

- **Factor 5.** The percentage of all Iowa DOT **subcontracts dollars** received by DBEs was examined. The subcontract dollars were looked at in three categories:
  - A. The percentage of all contract **dollars** received by DBEs, for both Federal and non-Federal aid projects

$$\frac{67.7 \text{ million dollars of DBE subcontracts on all contract}}{2327.9 \text{ million dollars on all contracts}} = 2.9\%$$

- B. The percentage of contract dollars subcontracted to DBEs on contracts with DBE goals. The resulting percentage determines the amount of subcontract work received by DBEs through race conscience efforts.

$$\frac{55.9 \text{ million dollars of DBE subcontracts}}{1485.2 \text{ million dollars on contracts with DBE goals}} = 3.8\%$$

- C. The percentage of contract dollars subcontracted to DBEs on contracts without goals. The resulting percentage determines the amount of subcontract work received by DBEs through race neutral subcontract efforts.

$$\frac{8.6 \text{ million dollars of DBE subcontracts}}{842.6 \text{ million dollars of all contracts without of goals}} = 1.0\%$$

## **Proposed Overall FHWA FY 2012-FY 2014 DBE Goal**

Step 1 - Determining the annual DBE goal based on the relative availability of DBE firms. Iowa has been making the Step 1 determination of ready, willing and able based on five calendar years total of planholders data. Based on the data the FY2012-FY 2014 DBE goal should be 4.5%. (Last year's calculations showed 4.6% based on similar procedures and the requirement to utilize FY 2010's Annual DBE goal)

Step 2 – Once the base figure for the annual goal has been determined, the recipient must examine all of the evidence available in your jurisdiction to determine what adjustment if any is needed to the base figure in order to arrive at the overall goal. Suggested evidence in the federal regulations that the Iowa DOT considered are:

1. Current capacity of DBE firms to perform the work – The data shows that minority and female contractors and suppliers have been on a percentage basis more successful at getting contracts than the male non-minority contractors and suppliers. We believe the participation percentage may be exceeding the availability percentage due to the race-conscious measures used by the department.
2. Evidence of disparity studies –The Iowa DOT had not conducted any disparity in Iowa DOT's jurisdiction. The Iowa DOT is not aware of any current disparity studies related to Federal-assisted projects within the State jurisdiction and/or market area. Should a disparity study determine the existence of discrimination of its effects in the State marketplace specific to it federal-aid assisted projects become available; the State will actively participate and/or provide relevant information for the Study. (The scope and results of this study were too general and not supported by sufficient quantitative evidence.)
3. Using the base figure of another recipient – Not applicable since we have computed our own base figure.
4. Statistical disparities in the ability of DBE firms to get financing, bonding and insurance – The Iowa DOT has not been able to identify any disparities.
5. Data on employment and training opportunities for DBE firms to perform in our program – The Iowa DOT has not been able to identify any available data on opportunities.
6. Adjustment to take into account continuing effects of past discrimination – The Iowa DOT has no evidence of past discrimination.

We did not make any Step 2 adjustments due to the reasons explained above.

Therefore, we propose to set the FY2012- FY2014 DBE Goal at 4.5%, based on Step 1, the availability of ready, willing and able DBE firms as a percentage of all firms that are ready, willing and able without a Step 2 adjustment.

## **Race and Gender- Neutral and Conscious Measures Section 26.51**

**Race-Neutral and Race-Conscious Division:** Based on historical data we feel we could achieve approximately 2.1% through race neutral methods since DBE firms historically prime about 1.1% of our federal dollars and are used for about 1.0% on projects without DBE goals. Therefore, we propose to accomplish 46 percent of our goal (2.4%) through race-neutral measures and 44 percent (2.1%) of our goal through race-conscious measures.



**MAY 3, 2011 PUBLIC MEETING ON  
DBE GOAL SETTING METHODOLOGY  
SIGN IN SHEET**

**Name:**

**Business:**

Richard Lowery	Lowery's Dept. Store
Pat Budke	Cedar Falls Construction
Kimberly Anderson	FHWA
Becky Hiatt	FHWA
Brian Fouch	FHWA
Ed Kasper	Iowa DOT, Contracts
Robert Cramer	Cramer and Associates
Cork Peterson	Peterson Contractors
Roger Bierbaum	Iowa DOT, Contracts
Tom Jacobson	Iowa DOT, Construction
Ron Otto	Iowa AGC
Dana DeLong-Patterson	DeLong Construction
Deb Seibert	Seibert Trucking
Krista Taylor	Taylor Construction
David Jackson	Blackwell Construction
Denita Gadson	Iowans for Social & Economic Dev.
Sydni Fenner	Iowans for Social & Economic Dev.
Maria Hobbs	Iowa DOT, Contracts