

Attachment F. ADOT's Approach to Setting Overall DBE Goals

ADOT establishes overall annual goals for DBE participation based on comprehensive availability analysis and consideration of other factors. It also projects the portion of the overall DBE goal that can be met through neutral means. ADOT's process follows guidance in 49 CFR Section 26.45, the Final Rule effective November 3, 2014, US DOT Questions and Answers about 49 CFR Part 26 (www.dotcr.ost.dot.gov/Documents/Dbc/49CFRPART26.doc) and the US DOT "Tips for Goal-Setting" (US DOT. Tips for Goal-Setting in the Federal Disadvantaged Enterprise (DBE) Program as updated June 25, 2013 <http://www.dot.gov/osdbu/disadvantaged-business-enterprise/tips-goal-setting-disadvantaged-business-enterprise>).

Base Figure Analysis for the Relative Availability of Disadvantaged Business Enterprises (DBE)

Because 95 percent of ADOT contract dollars go to firms with Arizona offices, ADOT availability analysis focuses on the Arizona transportation contracting industry. In addition to highway construction and engineering, ADOT examines the availability of firms to perform vertical construction, planning studies, transit services and other types of transportation-related work. ADOT collects information about the availability of firms from telephone interviews with Arizona businesses.

ADOT's base figure is determined by first examining DBE availability for individual prime contracts and subcontracts within a study period. To calculate relative availability of DBEs for a prime contract or subcontract, the following is calculated:

- (a) Number of DBEs available for that type, size and location of work;
- (b) Total number of firms available for that work; and
- (c) Percentage DBE availability for that prime contract or subcontract, calculated by dividing (a) by (b).

This analysis is performed for each US DOT-funded prime contract and subcontract included in the study period, with results then dollar-weighted to prepare the base figure for each mode.

For FHWA-funded contracts, ADOT's overall DBE goal incorporates availability of currently-certified DBEs and non-certified minority- and women-owned firms that appear that they could be DBE-certified. Because of more limited information about potential DBEs, the goals for FTA- and FAA-funded contracts are based on currently-certified DBEs.

Analysis of Potential Step 2 Adjustments

As required under the Federal DBE Program, ADOT considers potential step 2 adjustments to the base figure as part of determining its overall annual DBE goals. The Federal DBE Program outlines factors that an agency must consider when assessing whether to make any step 2 adjustments to its base figure, including:

1. Current capacity of DBEs to perform work, as measured by the volume of work DBEs have performed in recent years;
2. Information related to employment, self-employment, education, training, and unions;
3. Any disparities in the ability of DBEs to get financing, bonding and insurance; and
4. Other relevant factors.

When necessary and appropriate, ADOT makes a step 2 adjustment when determining the overall DBE goal. If the evidence does not suggest an adjustment is necessary, ADOT does not make an adjustment.

Portions of Overall Goals that can be met through Neutral Means

ADOT will project the portion of the overall DBE goal expected to be met through race- and gender-neutral means. ADOT will make this projection, in part, by examining DBE participation in a race-neutral environment and the race- and gender-neutral measures it will have in place in the next fiscal year. If ADOT projects that it can meet 100 percent of the DBE goal for a mode through neutral means alone, it solely uses neutral means to achieve the DBE goal for that mode.

ADOT's overall goals will provide for participation by all certified DBEs and will not subdivide its DBE goal into group-specific goals.

Public Participation

Public participation is a key component of ADOT's overall goal setting process. When setting overall goals ADOT regularly meets with and consults its DBE Professional Services and Construction Task Forces, ADOT internal and external stakeholders groups, Subrecipients, minority, women, industry contracting groups, and other organizations and officials who could be expected to have information concerning the availability of disadvantaged and non-disadvantaged businesses, the effects of discrimination on the opportunities for DBE firms and ADOT's efforts to level the playing field with respect to the participation of DBE firms.

ADOT publishes a notice announcing its proposed overall goal on its website with a link to the methodology by which it was derived. The goal and its rationale are made available on the ADOT website and for public inspection during normal working hours (8:00 a.m. to 5:00 p.m.) at the ADOT Business Engagement and Compliance Office, 1801 W. Jefferson St., Suite 101, Phoenix, AZ, for thirty (30) days following the date of the notice. Notices are also sent to a variety of minority-focused organizations throughout the state of Arizona announcing the proposed overall DBE goal. These notices further inform interested parties that ADOT will accept public comments for a period of 30 days from the date of the notice and indicate ways, including verbal testimony, online submittal, email, fax and mail, that comments can be submitted.

Regional public hearings are also held to solicit comments on its proposed DBE Program goal before submission to the concerning operating administration. ADOT provides adequate public notice of all hearings via its website and through contractors' organizations, DBE firms, highway contractors and other affected stakeholder organizations, groups and individuals. Public comments are incorporated into ADOT's Overall DBE Goal Methodology document submitted to each applicable DOT operating administration by August 1 at three-year intervals, based on a schedule established by the FHWA, FTA, and FAA.