

# **Fairbanks North Star Borough Department of Transportation**



**FNSB DOT**

## **Federal Transit Administration (FTA) Triennial DBE Goal-Setting Methodology for FFY 2018 – FFY 2020 (October 1, 2017 – September 30, 2020)**

Submitted in accordance with:

Title 49 Code of Federal Regulations Part 26  
(49 CFR Part 26)



# Fairbanks North Star Borough Triennial DBE Goal-Setting Methodology FFY 2018 – FFY 2020

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**FAIRBANKS NORTH STAR BOROUGH  
TRANSPORTATION DEPARTMENT  
OVERALL DISADVANTAGED BUSINESS ENTERPRISE (DBE) GOAL  
2018-2020**

**1. Introduction**

Pursuant to Title 49 Code of Federal Regulations (CFR) Part 26 “Participation by Disadvantaged Business enterprises in Department of Transportation Financial Assistance Programs”, the Fairbanks North Star Borough Transportation Department (FNSBDOT) sets forth its Triennial Disadvantaged Business Enterprise (DBE) Goal and corresponding goal-setting methodology for the three-year Federal Fiscal Year (FFY) goal period of 2018-2020 (October 1, 2017 through September 30, 2020). The purpose of the DBE goal setting process is to ensure nondiscrimination in the award and administration of U.S. Department of Transportation (DOT)-assisted contracts, to create a level playing field on which DBEs can compete fairly for those contracts, and to ensure that DBE Program is narrowly tailored in accordance with applicable law.

**FNSBDOT’s 2018-2020 FTA DBE Goal is 4%**

**2. Background**

FNSBDOT is a recipient of U.S. DOT Federal Transit Administration (FTA) funding in excess of \$250,000. As a condition of receiving this financial assistance, FNSBDOT has assured that it will comply with FTA’s DBE requirements. Therefore, in accordance with 49 CFR § 26.45 (a) (1), FNSBDOT is required to develop and submit a Triennial Overall DBE goal for its DOT-assisted projects.

**3. DOT-Assisted Contracting Program for FFY 2018-2020**

Table 1 represents FNSBDOT’s DOT-assisted contracting program, which consist of projects considered in preparing this goal methodology. These projects are anticipated to be awarded during the triennial period, excluding contracts for purchase of transit vehicles, which are not subject to this goal-setting process [1]. Additional projects may be undertaken if additional revenue becomes available; the overall DBE goal will be adjusted if necessary.

Table 1. FNSB DOT-assisted contracting projects anticipated to be awarded during the triennial period

		Project Name/Description	Estimated Project Cost
<b>Construction Services</b>	C1	Replacement/New Bus Route Signs	\$44,000
	C2	Bus Shelter Construction	\$730,250
	C3	Transit Facility Phase I	\$13,192,069
	C4	Transit Facility phase II	\$13,500,000
<b>AELS and Non-AELS</b>	P1	Security Services Transit Park	\$15,280
	P2	Bus Ride Advertising Agency	\$37,382
	P3	Fuel Support Fleet	\$381,000
	P4	Design of Transit Facility	\$2,810,000
	P5	Bus Uniforms	\$16,000
		<b>TOTAL</b>	<b>\$30,725,981</b>

## 4. Overall DBE Goal Methodology

### STEP 1 – Determining the Base Figure

The base figure was initially calculated using the relative availability of DBEs vs the relative availability of non-DBE firms for the types of contracts we anticipated awarded.

The weighted base figure was developed by:

- 1) Using the State of Alaska Unified Certification Program Directory to identify the number of registered DBEs willing to perform work in the Fairbanks North Star Borough market are [2] for each of the anticipated contracts, based on the NAICS (North American Industry Classification System) (CPB) codes most relevant to each contract. Data was collected in July 2015.
- 2) Using the 2017 data collected from the Countywide Business Patterns (CBP) identify the total number of businesses available in the Fairbanks North Star Borough market area for work on each contract, based on the same NAICS codes.
- 3) Using the State of Alaska Department of Commerce, Community and Economic Development Business Licenses for the State of Alaska.
- 4) Dividing the number of DBEs by the number of all businesses to determine the relative availability of DBEs in the market area for each contract.
- 5) Computing a weighted base figure, using the percent of the total contract dollars for each anticipated contract from Table 1, and the figure for relative availability of DBEs for each contract from Table 2.

The following two (2) tables and steps are attached: Table 1 above is the anticipated FTA-assisted contracts for 2016-18 (excluding transit vehicle purchases) Table 2 below is the Relative Availability of DBEs for the Anticipated Contracts.

Table 2. DBE availability by Work Type.

Work Type	DBE Count	All Firms Count	DBE Relative Availability
Construction	92	2,436	3.78%
AELS	47	1,092	4.30%
Non-AELS	1	84	1.19%
<b>Total</b>	140	3,612	9.27%

### STEP 2 – Adjusting the Base Figure

Subsequent to establishing the base figure, FNSBDOT examined available evidence to determine what adjustment, if any, would be required to ensure a narrowly-tailored goal.

The historical median for past participation is 0%. When applying the federally-prescribed formula (i.e. the average of the median past participation and the step one base figure), the resultant adjusted figure is the same as the step one base figure.

Table 3. DBE Utilization.

Federal Fiscal Year	DBE Utilization
2012	0.00%
2013	0.00%
2014	0.00%
2015	0.00%
2016	0.00%
<b>Median DBE Utilization</b>	<b>0.00%</b>

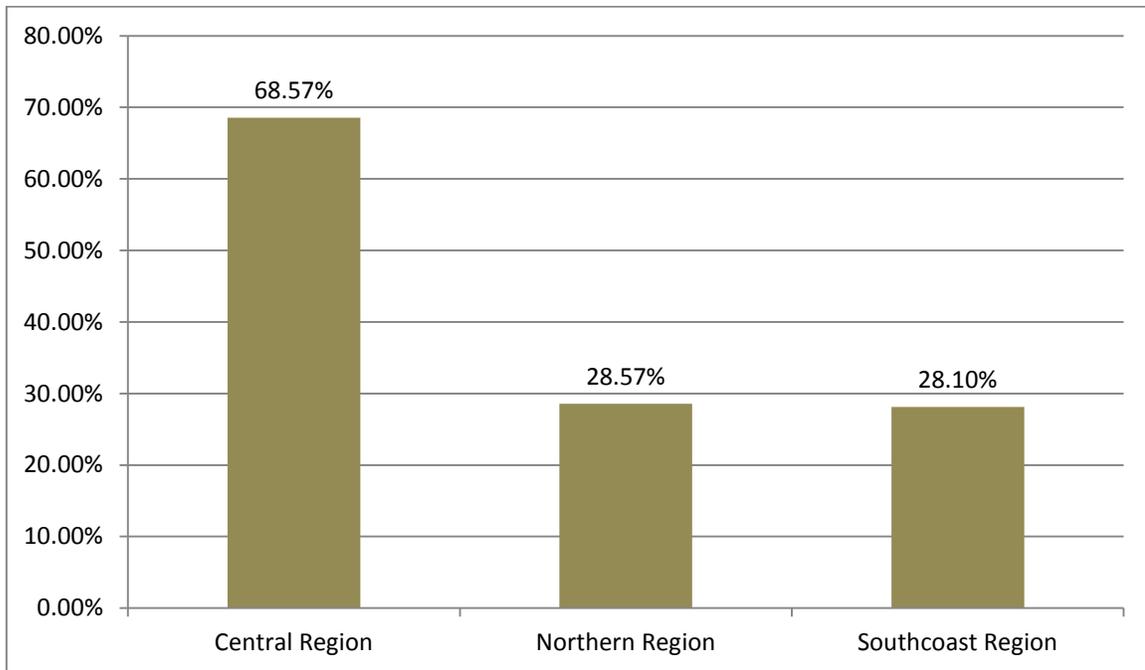
Per 49 CFR§ 26.45(d), following calculation of a base figure, all available evidence must be examined to determine what adjustment, if any, is needed to the base figure in order to arrive at the overall DBE goal. The primary form of evidence available is the past participation of DBEs in Transportation contracting. It is the judgment of the General Services Department on behalf of the Transportation Department that it is not possible to provide a rational basis for a numerical adjustment of the base figure based on past participation, due to the very different nature of the anticipated contracts, compared with past contracting which consisted of security, fuel and uniform contracts.

FNSB DOT examined the preceding evidence to determine what, if any, step two adjustments were necessary to arrive at an overall goal that accurately reflects the relative availability of DBEs ready, willing, and able to perform work on FTA-assisted contracts. Challenges related to encouraging non-certified firms to become certified, and geographic barriers impacting DBE availability are factors indicating a downward adjustment to the base figure is necessary.

FNSB DOT considered all of the evidence collectively, and determined that a downward adjustment based on median past participation is necessary to account for DBE capacity.

49 CFR Part 26.45 (c) (3) provides for the use of disparity study data to determine the base figure for the relative ability of DBEs. Fairbanks North Star Borough utilized the State of Alaska’s disparity study prepared by MGT 2014. During the study period and in the relevant market area, overall Minority, Women-Owned, and Disadvantaged Business Enterprises (M/W/DBE) contractors were utilized in excess of the level of utilization that would be expected, absent the effects of discrimination. When M/W/DBE utilization and availability were analyzed with respect to each ADOT&PF operating region, the results differed from the statewide analysis. Results for the Northern Region differed, and showed underutilization of all groups for which data was available, and substantial underutilization of M/W/DBE firms as a whole.

Table 4. Available DBE Percentage by Region (note: FNSB is located in the Northern Region)



To determine the relevant market area data derived from the 2014 ADOT&PF Disparity Study was utilized to determine the market area, geographic units of the state and boroughs. There are geographic and logistical barriers that limit DBE availability across the relevant market area. That limits DBEs to their certified Region. Fairbanks lies in the Northern Region and current there is only 28.57% DBEs which considerably low.

Challenges related to encouraging non-certified firms to become certified, and geographic barriers impacting DBE availability are factors indicating a downward adjustment to the base figure is necessary. Sub recipients’ face the challenge that the work they are looking to contract is very small jobs. Many contractors view these small jobs as unprofitable and are unwilling to bid on them due to the cost towing costs, or other logistics for the contractor.

The FTA funding includes projects for fuel and security. Currently there are no DBEs certified who could provide the supplies and service required.

**Based on this analysis, the Fairbanks North Star Borough Transportation Department proposes an overall annual goal of 4%. Continuing its race-neutral DBE program, FNSB expects to achieve 4% utilization through race-neutral means, and 0.00% through race-conscious means excluding funds to be used for the purchase of fleet buses.**

### **Race/Gender-Neutral Methods (see above) (§26.51(b))**

FNSBDOT will continue its current procedures for ensuring the participation of DBEs and other small business enterprises (SBE) in all of its contracting activities. These processes consist of, but are not limited to:

- Generating email notifications of all upcoming contracting opportunities.
- Generating project-specific email notifications providing pre-solicitation meeting information, bid/proposal submittal deadlines, general scope overview and DBE office personnel contact information.
- Ensuring participants at pre-solicitation meetings are informed of FNSBDOT DBE Program and its requirements.
- Ensuring circulation of the State of Alaska Unified Certification Program DBE Director to all potential contractors by listing the AKDOT in the solicitation and providing a link on FNSB's website.
- Participating in "Doing Business With" seminars hosted by other entities Procurement Technical Assistant Center (PTAC).

## **5. Public Participation in Setting Overall DBE Goal**

The U.S. DOT regulations require that race-neutral methods be used to the maximum extent feasible to achieve the DBE overall goal. Race-neutral methods include making efforts to assure that bidding and contract requirements facilitate participation by DBEs and other small businesses; unbundling large contracts to make them more accessible to small businesses; encouraging prime contractors to subcontract portions of the work that they might otherwise perform themselves; and providing technical assistance, communications programs, and other support services to facilitate consideration of DBEs and other small businesses.

Because of the emphasis placed on race-neutral methods, the Fairbanks North Star Borough does not propose to set contract-specific DBE goals on FTA-assisted contracts to be awarded in 2018 through Year 2020. Instead, the Borough will focus on developing race-neutral methods for facilitating DBE participation. The Borough will advise prospective contractors of areas for possible subcontracting, and of the availability of ready, willing, and able subcontractors, including DBE firms, to perform such work. The Borough will carefully monitor its progress during the course of the year and may establish contract-specific goals if race-neutral methods do not appear sufficient to achieve the overall DBE participation goals for Year 2018 through Year 2020. It is anticipated that the DBE goal for FTA-assisted contracts will be achieved through race-neutral methods

This analysis was sent to minority, women's, and general professional and trade organizations, and other officials and 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 the Borough's efforts to establish a level playing field for the participation of DBEs. A Public Meeting is scheduled October 27, 2017. A detailed list will be provided once the meeting occurs.

Federal regulations require that the Borough publish a notice in general circulation media, local minority-focused media, and trade association publications announcing the Borough's proposed overall DBE goal for 2018 through year 2020 FTA-assisted contracts. Such notice must inform the public that the proposed DBE goal and its rationale are available for inspection during normal business hours for a period of thirty (30) days following the date of the notice. The Borough and FTA, as the Borough's lead agency on behalf of the Department of Transportation, will accept comments on the proposed goal for forty-five (45) days from the date of notice. This notice is set to be published in the *Fairbanks Daily News Miner* beginning October 2, 2017.

- Hosted Public Consultation Meeting on October 27, 2017 to provide attendees an overview of FNSBDOT proposed DBE goal-setting methodology and the tentatively calculated overall DBE goal of 4%.
  - ❖ Notification (Exhibit 1) of the meeting published on FNSBDOT website, broadcast via email to DBE/SBE database, local contractors and government offices in FNSBDOT service area.
  - ❖ Notice of the meeting was also advertised via social media (e.g. Facebook).
- Advertised the proposed DBE goal, in a Public Notice format, via FNSB’s website and Fairbanks Daily New Miner.

The borough did not receive any comments. As more data becomes available, modification may become necessary.

## **6. Adjustments**

In conclusion, FNSBDOT will continue to analyze the DBE awards and commitments report to the FTA on a semi-annual basis. If the DBE awards/commitments are less than the overall DBE goal, FNSBDOT will develop and submit a written analysis of the shortfall, as well as the corrective actions which will be implemented to remedy the shortfall. Also, if any significant changes are made to FNSB’s DOT-assisted contracting program, FNSBDOT will re-calculate the overall DBE goal and, if warranted, submit an adjusted overall DBE goal for FTA approval.

Interested parties are encouraged to submit comments to:

Carolyn Yurkovich, DBE Liaison Officer  
Fairbanks North Star Borough  
General Services Department, 2nd Floor  
907 Terminal Street  
Fairbanks, AK 99701

Or:

Federal Transit Administration, Region X  
Attention: Civil Rights Officer, Jackson Federal Building  
915 Second Avenue, Suite 3142  
Seattle, WA 98174-1002

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[1] DBE goals for transit Vehicle Manufacturer (TVMs) are established through a separate FTA process.

[2] The Fairbanks North Star Borough’s market area includes North Pole, Anderson, Healy, Nenana, Delta, Tok, Houston, Wasilla, Palmer, Eagle River, and Anchorage.

[3] 2014 ADOT&PF Disparity Study Appendix A-52