

MEMORANDUM

Date: May 17, 2022
To: BCDCOG Board of Directors
From: Ronald E. Mitchum, Executive Director
Subject: FHWA Disadvantaged Business Enterprise Program Goal (FFY23-FFY25)

The **United States Department of Transportation (U.S. DOT)** encourages participation of small businesses and businesses owned by socially- and economically-disadvantaged individuals in state and local procurement. Through its **Disadvantaged Business Enterprise (DBE)** Program, U.S. DOT requires state and local transportation agencies that receive federal financial assistance to establish DBE participation goals, report on prime and subcontract participation, and identify strategies for increasing participation if an agency falls short of its goal.ⁱ The **Federal Highway Administration (FHWA)** is a division within U.S. DOT that specializes in highway transportation. This memorandum documents DBE participation on FHWA-assisted expenditures by BCDCOG for **Federal Fiscal Year (FFY) 2020 through FFY 2022** and recommends a revised DBE goal for FFY 2023 through FFY 2025.

Figure 1 summarizes BCDCOG’s historic DBE goals and levels of DBE participation on U.S. DOT-assisted contracts between FFY 2009 and FFY 2019,ⁱⁱ as well as FHWA-assisted contracts between FFY 2020 and FFY 2022. BCDCOG recommends increasing its DBE participation from 5.0% between FFY 2020 and FFY 2022 to **6.0% between FFY 2023 and FFY 2025**.

Figure 1: DBE Goals (FFY 2009 - FFY 2025)

Evaluation Period	Contract Assistance	DBE Participation Goal	DBE Participation Rate	Means
FFY 2009	U.S. DOT	3.0% ⁱⁱⁱ	7.7% ^{iv}	100.0% Race-neutral
FFY 2010	U.S. DOT	3.0% ^v	7.7% ^{vi}	100.0% Race-neutral
FFY 2011-2013	U.S. DOT	3.0% ^{vii}	0.0%	100.0% Race-neutral
FFY 2014-2016	U.S. DOT	3.4% ^{viii}	0.0%	100.0% Race-neutral
FFY 2017-2019	U.S. DOT	3.5% ^{ix}	4.2% ^{ix}	100.0% Race-neutral
FFY 2020-2022	FHWA	5.0%	6.6%	100.0% Race-neutral
FFY 2023-2025	FHWA	6.0%	-	100.0% Race-neutral

BCDCOG's DBE Program Policies

To help ensure that small and disadvantaged businesses have an equal opportunity to participate and receive U.S. DOT-assisted contracts in the Berkeley-Charleston-Dorchester region, BCDCOG established a regional DBE Program.^x Below are the seven policies that guide BCDCOG's DBE Program:

1. Safeguard against discrimination and promote a level playing field in the award and administration of U.S. DOT-assisted contracts
2. Narrowly tailor BCDCOG's DBE Program so that it conforms to all applicable laws
3. Make sure that only firms that meet federal eligibility standards are permitted to participate in the DBE Program
4. Identify and develop a good rapport with eligible small and disadvantaged businesses that can provide BCDCOG with required materials, equipment, supplies, and services
5. Develop educational materials to acquaint prospective small and disadvantaged businesses with BCDCOG's contract procedures and requirements
6. Listen to feedback and remove barriers to participation of small and disadvantaged businesses during the bidding, award, and administration of U.S. DOT-assisted contracts
7. Assist in the development of small and disadvantaged businesses so that they can compete successfully outside of BCDCOG's DBE Program

DBE Participation (FFY20-FFY22)

Figure 2 shows a summary of small and disadvantaged businesses participation on BCDCOG’s four FHWA-assisted contracts between FFY 2020 and FFY 2022. Currently, this summary does not include the second period of FFY 2022 because, as of the time of this memorandum, this period had not concluded. In addition, the figure only represents FHWA funds on a given contract. For example, FHWA required 20.0% of funding for the *Regional Freight Plan* to come from a non-federal source. Therefore, only 80.0% of the total cost of the project is considered as FHWA-assisted funds.

Overall, 6.6% of FHWA-assisted funds for FFY 2020 through FFY 2022 went to firms certified as DBEs by the **South Carolina Department of Transportation (SCDOT)**, and all procurement for these contracts was conducted by race-neutral means. This DBE participation rate exceeds BCDCOG’s DBE participation goal of 5.0% for FFY 2020 through FFY 2022. Because BCDCOG exceeded its DBE participation goal, no shortfall analysis was conducted for FFY 2020 through FFY 2022.

Figure 2: Summary of DBE Participation on FHWA-assisted Contracts (FFY 2020 - FFY 2022)

BCDCOG Project (Percent Federal Funds)	DBE Participation on FHWA-assisted Contracts			
	FFY 2020	FFY 2021	FFY 2022*	Project Total
Bike/Ped Safety (80%)	**	**	0.0% (\$0.00/ \$17,430.46)	0.0% (\$0.00/ \$17,430.46)
CHATS Regional ITS Architecture & Deployment Guide (80%)	**	**	**	**
CHATS Travel Demand Model Expansion (80%)	**	**	**	**
I-526 Commuter Services (90%)	0.0% (\$0.00/ \$23,535.00)	0.0% (\$0.00/ \$240.66)	**	0.0% (\$0.00/ \$23,775.66)
Regional Freight Plan (80%)	0.0% (\$10,174.38/ \$220,027.61)	0.0% (\$18,810.85/ \$192,010.49)	**	7.0% (\$28,985.23/ \$412,038.10)
US-52 Corridor Study (80%)	**	7.3% (\$31,687.75/ \$432,619.31)	1.4% (\$571.94/ \$41,999.56)	0.0% (\$32,259.70/ \$474,618.87)
DBE Participation	0.0%	8.1%	1.0%	6.6%
Race-Neutral Means	100.0%	100.0%	100.0%	100.0%
Race-Conscious Means	0.0%	0.0%	0.0%	0.0%

* Does not include the second period of FFY 2022 (April 1, 2022 - September 30, 2022)

** No FHWA-assisted funds were expended for this project during this FFY

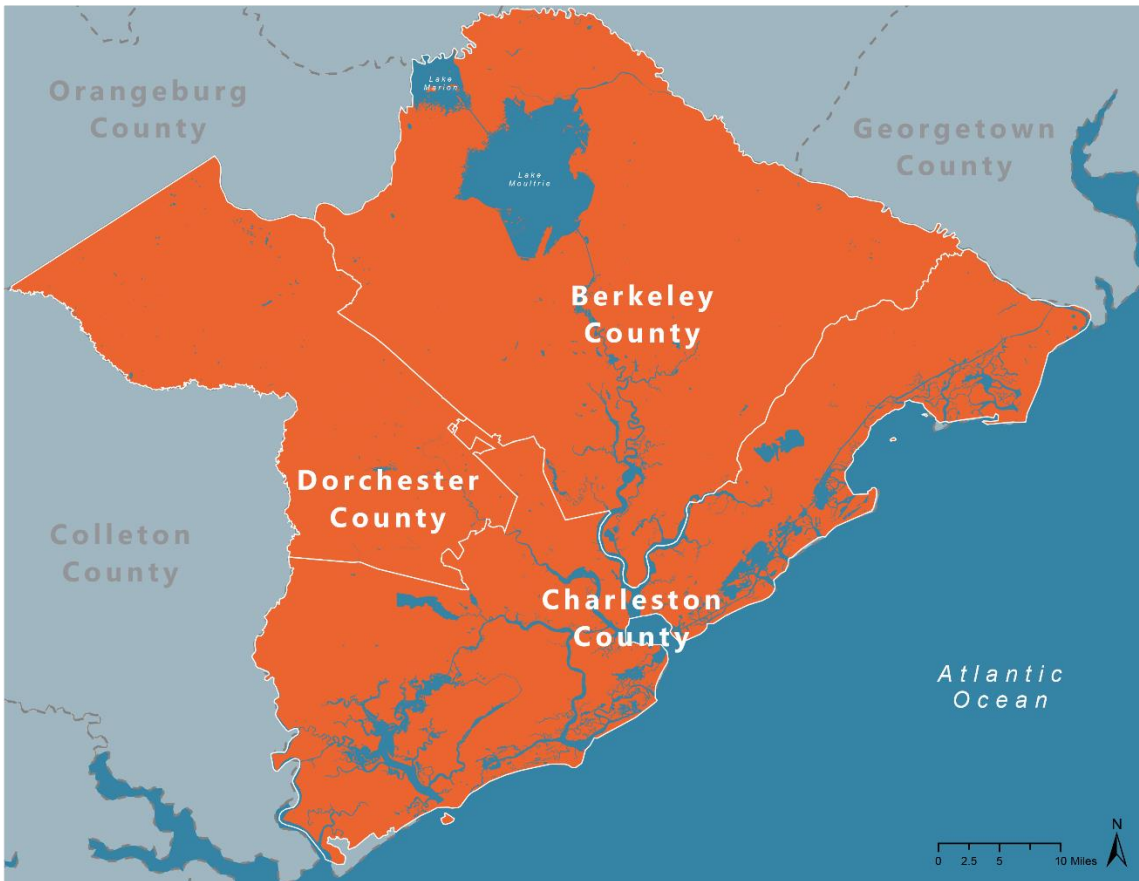
See the **Appendix** for project-by-project DBE participation over each individual semi-annual reporting period.

DBE Participation Goal (FFY23-FFY25)

Although U.S. DOT does not mandate a quota for small and disadvantaged business participation, it established a 10.0% national participation goal in 2011.^{xi} U.S. DOT uses this aspirational goal as a benchmark to evaluate progress towards increased participation at the national level but does not require BCDCOG and other recipients of federal assistance to use the same goal. Instead, U.S. DOT requires recipients to set an overall participation goal for all projects, plans, and programs receiving federal funding in the agency’s local market area.

Figure 3 shows BCDCOG’s local market area which encompasses Berkeley, Charleston, and Dorchester counties in South Carolina. This local market area aligns with BCDCOG’s planning boundaries, and historically most transportation-related contracts for BCDCOG’s projects, plans, and programs have been awarded to firms headquartered or with satellite offices within this region.

Figure 3: Map of BCDCOG’s Market Area



To set its DBE Program participation goal, BCDCOG follows U.S. DOT’s two-step process:

Step 1: Identify the relative availability of DBE-certified firms that are “ready, willing, and able” to participate in BCDCOG’s upcoming projects and procurement activities.

Step 2: Adjust the baseline figure of DBE-certified firms based on knowledge of local market conditions.

Step 1: Baseline of Available DBEs

First, U.S. DOT requires that BCDCOG identify a baseline number of DBE-certified firms that are available to compete for anticipated contracts between FFY 2023 and FFY 2025. The baseline must be a fair and accurate representation of businesses that are available and eligible to meet BCDCOG’s anticipated procurement needs.

Figure 4 lists BCDCOG’s anticipated FHWA-assisted project expenditures for FFY 2023 through FFY 2025. Overall, BCDCOG anticipates awarding approximately \$2,590,000 in FHWA-assisted contracts over the next three FFYs. Contracts for the *CHATS Regional Intelligent Transportation Systems Architecture (ITS) & Deployment Guide* (5.0% overall DBE participation and 3.4% anticipated between FFY 2023 and FFY 2025) and the *CHATS Travel Demand Model Expansion* (0.0% anticipated DBE participation between FFY 2023 and FFY 2025) have already been awarded.

Figure 4: Anticipated FHWA-assisted Contracts (FFY 2023-FFY 2025)

BCDCOG Project (Percent Federal Funds)	Services	Anticipated DBE Participation on FHWA-assisted Contracts			
		FFY 2023	FFY 2024	FFY 2025	Total
CHATS ITS Architecture* (80%)	Planning/Engineering	\$171,568.00	\$78,664	**	\$250,232.00
CHATS Travel Demand Model Expansion* (80%)	Planning/Engineering	\$232,675.20	**	**	\$232,675.20
ITS System Implementation (80%)	Planning/Engineering	**	\$640,000	\$640,000	\$1,600,000
	Construction		\$160,000	\$160,000	
Freight Model (80%)	Planning/Engineering	**	\$250,400	\$50,400	\$300,800
US-17A Corridor Study (80%)	Planning/Engineering	\$160,000	**	**	\$160,000
US-17A Access Management Study (80%)	Planning/Engineering	\$48,000	**	**	\$48,000
Total		\$612,243.20	\$1,129,064.00	\$850,400.00	\$2,591,707.20

* Contract has already been awarded

** No anticipated FHWA-assisted funds during this FFY

Figure 5 separates the anticipated project costs from Figure 4 into individual industry service areas using the **North American Industry Classification System (NAICS)**. In general, approximately half of the anticipated FHWA-assisted contracts will go towards planning/engineering services (NAICS Code 541330) and half will go towards construction (NAICS Code 237310). According to the most recent U.S. Census Bureau’s County Business Pattern data (2020) for Berkeley, Charleston and Dorchester counties, there are a total of 315 firms available in these two industries. SCDOT certifies the eligibility of firms to participate DBE programs in South Carolina, and Column C in Figure 5 summarizes the number of small and disadvantaged businesses from SCDOT’s directory of DBE-certified businesses. Among the planning/engineering and construction industries, there are 14 DBEs certified by SCDOT within the region that are “ready, willing, and able” to compete for BCDCOG projects or 4.4% of all firms in the industry.

To gain a more accurate representation of the percent of total firms that are available to assist BCDCOG on anticipated projects between FFY 2023 and FFY 2025, the percent of DBE-eligible firms for each individual industry code was multiplied by the percent of total FHWA-assisted funds for that given industry. This “weighted” representation shows that **approximately 6.2%** of the firms available to work on BCDCOG’s anticipated projects are SCDOT-certified DBE firms.

Figure 5: Available Certified DBE Firms Relative to FHWA-assisted Contracts

NAICS Code	NAICS Industry	A	B	C	D	E	F
		FHWA-assisted Funds	% Total FHWA-assisted Funds	Eligible DBE Firms	All Firms	% Eligible DBE Firms	Relative DBE Available
Reference		Figure 4	[A/ΣA]	SCDOT ^{xii}	U.S. Census ^{xiii}	[C/D]	[BxE]
237310	Highway, Street, & Bridge Construction	\$1,280,000.00	49.4%	9	98	9.2%	4.5%
541330	Engineering Services	\$1,311,707.20	50.6%	7	217	3.2%	1.6%
Total		\$2,591,707.20	100.0%	14	315	5.1%	6.2%

Although the exact scope of many of the projects listed in Figure 4 have not yet been developed, other common activities subcontracted by planning and engineering firms during project development are highlighted in **Figure 6**.

Figure 6: Available Certified DBE Firms for Common BCDCOG Activities

NAICS Code	NAICS Industry	Eligible DBE Firms	All Firms
323111	Commercial Printing Services	0	21
541310	Architectural Services	0	87
541340	Drafting Services	1	9
541370	Surveying & Mapping	4	22
541430	Graphic Design Services	0	49
541613	Marketing Consulting Services	1	94
541620	Environmental Consulting Services	2	29
541820	Public Relations Agencies	1	19
541910	Marketing Research & Public Opinion Polling	0	20
541930	Translation & Interpretation Services	1	6

Step 2: Adjustment based on local knowledge

To ensure that BCDCOG’s participation goal accurately represents the participation U.S. DOT would expect absent the effects of discrimination, U.S. DOT encourages BCDCOG to go beyond the formulaic measurements of eligible firms shown in Step 1 by incorporating information about other conditions affecting small and disadvantaged businesses. U.S. DOT requires that any adjustments must be based on evidence, and the adjustments may take into account the proven capacity of locally-eligible firms to perform work on U.S. DOT-assisted contracts. BCDCOG’s historic participation goals and actual usage provide helpful benchmarks for assessing the feasibility of the 6.0% goal discussed in Step 1. **Figure 7** shows that BCDCOG’s participation goal gradually increased from 3.0% in FFY 2009 to 5.0% in FFY 2020-2022. Over that time period, the type of contracting opportunities offered by BCDCOG have remained relatively consistent, with a large share of contracts for engineering, survey and mapping, and environmental consulting work. Because there is little anticipated change in the type of work being contracted, no adjustments are proposed based on historic DBE participation.

Figure 7: Historic DBE Participation

Evaluation Period	DBE Participation Goal	DBE Participation	Means
FFY 2009	3.0% ^{xiv}	7.7% ^{xv}	100.0% Race-neutral
FFY 2010	3.0% ^{xvi}	7.7% ^{xvii}	100.0% Race-neutral
FFY 2011-2013	3.0% ^{xviii}	0.0%	100.0% Race-neutral
FFY 2014-2016	3.4% ^{xix}	0.0%	100.0% Race-neutral
FFY 2017-2019	3.5% ^{xx}	4.2% ^{ix}	100.0% Race-neutral
FFY 2020-2022	5.0%	6.6%	100.0% Race-neutral
FFY 2023-2025	6.0%	-	100.0% Race-neutral

In addition to reviewing historic DBE participation, U.S. DOT allows BCDCOG to incorporate disparity studies that contain statistical and anecdotal evidence on the utilization of small and disadvantaged businesses in the region. No known disparity study has been conducted in BCDCOG’s market area.

6.0% DBE Participation Goal (FFY23-FFY25)

Based on this information, BCDCOG recommends increasing its DBE participation from 5.0% between FFY 2020 and FFY 2022 to **6.0% between FFY 2023 and FFY 2025**. BCDCOG will attempt to achieve this goal through race-neutral means and will track race-neutral DBE participation on all FHWA-assisted contracts.^{xxi} For reporting purposes, race-neutral DBE participation includes, but is not limited to, the following:

- DBE participation through a prime contract obtained through customary competitive procurement procedures
- DBE participation through a subcontract on a prime contract that does not carry a DBE goal
- DBE participation on a prime contract exceeding a contract- or project-specific goal
- DBE participation through a subcontract from a prime contractor that did not consider a firm's DBE status in making the award.

Data will be maintained on DBE participation in fulfilling contracts with and without DBE goals between FFY 2022 and FFY 2025 to track progress towards BCDCOG's overall 6.0% DBE participation goal.

Appendix

Figure 8: Bike/Ped Safety (Professional Services), FFY 2022*

Contractor (Task)	DBE Status	Period 1	Period 2	FFY 2022 Total
		10/1/21 -3/31/22	4/1/22 -9/30/22	
Miovision (Professional Services)	No	\$934.46	TBD	\$934.46
Miovision (Equipment)	No	\$7,032.00	TBD	\$7,032.00
EcoCounter (Equipment)	No	\$9,464.00	TBD	\$9,464.00
Total		\$17,430.46	TBD	\$17,430.46
DBE Participation		\$0.00 (0.0%)	TBD	\$0.00 (0.0%)

* No FHWA-assisted funds were expended for this project during FFY 2020 or FFY 2021

Figure 9: I-526 Commuter Services: Marketing (Professional Services), FFY 2020

Task	DBE Status	Period 1	Period 2	FFY 2020 Total
		10/1/19 -3/31/20	4/1/20 -9/30/20	
Equipment Maintenance	No	\$0.00	\$23,535.00	\$23,535.00
Miscellaneous	No	\$0.00	\$0.00	\$0.00
Total		\$0.00	\$23,535.00	\$23,535.00
DBE Participation		-	\$0.00 (0.0%)	\$0.00 (0.0%)

Figure 10: I-526 Commuter Services: Marketing (Professional Services), FFY 2021*

Task	DBE Status	Period 1	Period 2	FFY 2021 Total
		10/1/20 -3/31/21	4/1/21 -9/30/21	
Equipment Maintenance	No	\$209.78	\$16.03	\$225.81
Miscellaneous	No	\$14.85	\$0.00	\$14.85
Total		\$224.63	\$16.03	\$240.66
DBE Participation		\$0.00 (0.0%)	\$0.00 (0.0%)	\$0.00 (0.0%)

* No FHWA-assisted funds were expended for this project during FFY 2022

Figure 11: Regional Freight Plan, FFY 2020

Contractor (Role)	DBE Status	Period 1	Period 2	FFY 2020 Total
		10/1/19 -3/31/20	4/1/20 -9/30/20	
CDM Smith (Prime)	Yes	-	\$187,066.23	\$187,066.23
Transystem (sub)	No	-	\$5,973.67	\$5,973.67
Modern Mobility Partners, LLC (sub)	Yes	-	\$10,174.38	\$10,174.38
Fixed Fee	No	-	\$16,813.32	\$16,813.32
Total		-	\$220,027.61	\$220,027.61
DBE Participation		-	\$10,174.38 (4.6%)	\$10,174.38 (4.6%)

Figure 12: Regional Freight Plan, FFY 2021*

Contractor (Role)	DBE Status	Period 1	Period 2	FFY 2021 Total
		10/1/20 -3/31/21	4/1/21 -9/30/21	
CDM Smith (Prime)	Yes	\$88,847.90	\$6,014.91	\$94,862.82
Transystem (sub)	No	\$63,170.95	\$8,211.86	\$71,382.81
Modern Mobility Partners, LLC (sub)	Yes	\$18,163.01	\$647.84	\$18,810.85
Fixed Fee	No	\$6,513.09	\$440.93	\$6,954.02
Total		\$176,694.95	\$15,315.54	\$192,010.49
DBE Participation		\$18,163.01 (10.3%)	\$647.84 (4.2%)	\$18,810.85 (9.8%)

* No FHWA-assisted funds were expended for this project during FFY 2022

Figure 13: US-52 Corridor Study, FFY 2021*

Contractor (Role)	DBE Status	Period 1	Period 2	FFY 2022 Total
		10/1/20 -3/31/21	4/1/21 -9/30/21	
STV (prime)	No	\$162,389.46	\$49,528.52	\$211,917.98
Three Oaks Engineering (sub)	Yes	\$13,081.46	\$16,924.29	\$30,005.75
Civic Communications (sub)	Yes	\$1,682.00	\$0.00	\$1,682.00
WSP (sub)	No	\$23,794.12	\$54,778.18	\$78,572.30
Transystems (sub)	No	\$46,696.77	\$38,411.71	\$85,108.48
Quality Counts (sub)	No	\$25,332.80	\$0.00	\$25,332.80
Total		\$272,976.62	\$159,642.70	\$432,619.31
DBE Participation		\$14,763.46 (5.4%)	\$16,924.29 (10.6%)	\$31,687.75 (7.3%)

* No FHWA-assisted funds were expended for this project during FFY 2020

Figure 14: US-52 Corridor Study, FFY 2022

Contractor (Role)	DBE Status	Period 1	Period 2	FFY 2022 Total
		10/1/21 -3/31/22	4/1/22 -9/30/22	
STV (prime)	No	\$38,541.80	TBD	\$38,541.80
Three Oaks Engineering (sub)	Yes	\$571.94	TBD	\$571.94
Civic Communications (sub)	Yes	\$0.00	TBD	\$0.00
WSP (sub)	No	\$1,631.65	TBD	\$1,631.65
Transystems (sub)	No	\$1,254.17	TBD	\$1,254.17
Quality Counts (sub)	No	\$0.00	TBD	\$0.00
Total		\$41,999.56	TBD	\$41,999.56
DBE Participation		\$571.94 (1.4%)	TBD	\$571.94 (1.4%)

Endnotes

ⁱ Title 49 Code of Federal Regulations, Subtitle A, Part 26: Participation by Disadvantaged Business Enterprises in Department of Transportation Financial Assistance Programs. Current as of November 3, 2020. <<https://bit.ly/38cdQtW>>

ⁱⁱ DBE participation data separating FHWA-assisted contracts from all U.S. DOT-assisted contracts was not available

ⁱⁱⁱ Disadvantaged Business Enterprise Program. BCDCOG. October 28, 2008.

^{iv} Uniform Report of DBE Awards or Commitments and Payments. BCDCOG. FY 2008.

^v Disadvantaged Business Enterprise Program, Annual Usage Goal Calculation. BCDCOG. July 16, 2009.

^{vi} Uniform Report of DBE Awards or Commitments and Payments. BCDCOG. FY 2009. Submitted May 14, 2009.

^{vii} Disadvantaged Business Enterprise Program, Annual Usage Goal Calculation. BCDCOG. June 14, 2010.

^{viii} Disadvantaged Business Enterprise Program, Overall BCDCOG Goal Calculation. BCDCOG. September 9, 2013.

^{ix} Disadvantaged Business Enterprise & Small Business Participation, Goal Setting Methodology for FY 2017 – FY 2019. BCDCOG. June 2016. <<https://bit.ly/2TW20vN>>

^x As a condition of receiving federal financial assistance from U.S. DOT, BCDCOG signed an assurance that it will comply with Title 49 Code of Federal Regulations, Subtitle A, Part 26: Participation by Disadvantaged Business Enterprises in Department of Transportation Financial Assistance Programs.

^{xi} DBE Final Rule: Key Points. U.S. DOT. <<https://bit.ly/2lbyTIA>>

^{xii} Disadvantaged Business Enterprise and Small Business Enterprise Certification Directories. SCDOT. <<https://bit.ly/38mrbjc>>

^{xiii} County Business Patterns. U.S. Census Bureau (2018). <<https://bit.ly/3fwEwHk>>

^{xiv} Disadvantaged Business Enterprise Program. BCDCOG. October 28, 2008.

^{xv} Uniform Report of DBE Awards or Commitments and Payments. BCDCOG. FY 2008.

^{xvi} Disadvantaged Business Enterprise Program, Annual Usage Goal Calculation. BCDCOG. July 16, 2009.

^{xvii} Uniform Report of DBE Awards or Commitments and Payments. BCDCOG. FY 2009. Submitted May 14, 2009.

^{xviii} Disadvantaged Business Enterprise Program, Annual Usage Goal Calculation. BCDCOG. June 14, 2010.

^{xix} Disadvantaged Business Enterprise Program, Overall BCDCOG Goal Calculation. BCDCOG. September 9, 2013.

^{xx} Disadvantaged Business Enterprise & Small Business Participation, Goal Setting Methodology for FY 2017 – FY 2019. BCDCOG. June 2016. <<https://bit.ly/2TW20vN>>

^{xxi} Between FFY 2008 and FFY 2022, BCDCOG stated that it would meet its goals through “race-neutral means”. In contrast to “race-conscious means” that specifically focus on assisting only disadvantaged businesses, “race-neutral means” include conducting outreach, providing technical assistance, and focusing other measures on all small businesses regardless of their status as a disadvantaged business. BCDCOG uses the following race-neutral strategies to promote small and disadvantaged participation:

- Arranging solicitations, times for the presentations of bids, quantities, specifications, and delivery schedules in ways that facilitate small and disadvantaged business participation
- Carrying out information and communication programs on contracting procedures and specific contract opportunities
- Ensuring dissemination of eligible small and disadvantaged business directories to the widest feasible universe of potential prime contractors through print and electronic mediums
- Working to unbundle contracts by breaking large, multi-year contracts into smaller contracts that a small business, including disadvantaged businesses, can reasonably perform

In addition to race-neutral strategies, BCDCOG will consider the following strategies for fostering small businesses:

- On prime contracts that do not have DBE goals, BCDCOG may require the prime contractor to provide subcontracting opportunities of a size that small business, including DBE firms, can reasonably perform

BCDCOG will make a good faith effort to implement these strategies in its DBE Program.