



**City and County of Honolulu
Department of Transportation Services
Disadvantaged Business Enterprise (DBE)
Three-Year Overall Goal**

**For the
Federal Fiscal Years (FFYs) 2020, 2021, 2022**

August 2019

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I. INTRODUCTION

The Department of Transportation Services (DTS) in accordance with Title 49, Code of Federal Regulations, Part 26 (49 CFR Part 26), has set an overall goal for Disadvantaged Business Enterprise (DBE) participation in Department of Transportation (USDOT) assisted contracts in Federal Fiscal Years (FFYs) 2020, 2021, 2022. This is based on demonstrable evidence of the availability of ready, willing and able DBEs relative to all other firms able to participate on our USDOT funded contracts. The goal reflects the level of DBE participation expected absent the effects of discrimination in DTS contracting activities, and will be reviewed and adjusted, as necessary over the life of the project.

II. BACKGROUND

As a recipient of USDOT Federal Transit Administration (FTA) funding, and as a condition of receiving this assistance, DTS has signed an assurance with the USDOT that it will comply with 49 CFR Part 26.

DTS will utilize a 15.05 percent DBE overall goal in FFYs 2020-2022. DTS proposes to meet this goal by 8.89 percent race-neutral (RN) participation and by 6.16 percent race-conscious (RC) participation.

For the anticipated USDOT funded contracts over the next three FFYs, the number of ready, willing and able DBEs relevant to the category of work is limited. It is anticipated that the projected 6.16 percent RC participation will result in DBE participation. In the likelihood that the DBE participation exceeds DTS' overall goal in two consecutive years, through RC means, DTS will reduce the use of contract goals proportionately in the following year.

III. FTA-ASSISTED CONTRACTING PROGRAM FOR FFY 2020-2022

Table 1 shows three Bus Stop Americans with Disabilities Act (ADA) Access and Site Improvements projects and three transit safety and security related projects planned for the three fiscal years:

Table 1

FTA-ASSISTED CONTRACTING PROGRAM FOR FFYs 2020-2022

Name of Programs	FTA Share	LOCAL Share	Projected Total Cost
FFY 2020 <ul style="list-style-type: none"> • Bus Stop ADA Access and Site Improvements • Transit Safety and Security 	\$304,000	\$437,000	\$741,000
<ul style="list-style-type: none"> • Bus Stop ADA Access and Site Improvements • Transit Safety and Security 	\$297,000	\$74,000	\$371,000
FFY 2021 <ul style="list-style-type: none"> • Bus Stop ADA Access and Site Improvements • Transit Safety and Security 	\$304,000	\$437,000	\$741,000
<ul style="list-style-type: none"> • Bus Stop ADA Access and Site Improvements • Transit Safety and Security 	\$297,000	\$74,000	\$371,000
FFY 2022 <ul style="list-style-type: none"> • Bus Stop ADA Access and Site Improvements • Transit Safety and Security 	\$304,000	\$437,000	\$741,000
<ul style="list-style-type: none"> • Bus Stop ADA Access and Site Improvements • Transit Safety and Security 	\$297,000	\$74,000	\$371,000

Table 2 is a summary of work categories and estimated values by the North American Industry Classification System (NAICS) Code. The estimated FTA percentage will be derived by using NAICS codes for purposes of weighting the categories of work based on staff estimates.

Table 2

Category of Work	NAICS Code	Estimated FTA Dollars by NAICS	Estimated FTA% by NAICS Code (Weighted)
Masonry Contractors	238140	FFY 2020 \$182,000 FFY 2021 \$182,000 FFY 2022 \$182,000	30%
SUBTOTAL		\$546,000	
General Construction	236220	FFY 2020 \$137,000 FFY 2021 \$137,000 FFY 2022 \$137,000	23%
SUBTOTAL		\$411,000	
Electrical Contractor	238210	FFY 2020 \$267,000 FFY 2021 \$267,000 FFY 2022 \$267,000	44%
SUBTOTAL		\$801,000	
Painting	238320	FFY 2020 \$15,000 FFY 2021 \$15,000 FFY 2022 \$15,000	3%
SUBTOTAL		\$45,000	
TOTAL		\$1803,000	100%

IV. GOAL METHODOLOGY

A. Step One: Determination of a Base Figure

DTS gathered data from the DTS Bidder's List to establish its DBE base figure of ready, willing and able DBEs relative to all comparable establishments (DBE and Non-DBE). DBEs are defined as "ready, willing and able DBEs" that have participated in the bidding process for City procurements. The DTS bidder's list included all establishments (DBE and Non-DBE), which submitted bids in the past five years as prime contractors or subcontractors from FFYs 2014 to 2018. Table 3 is the bidder's list summary showing the applicable work categories of the total number of ready, willing and able DBEs and Non-DBEs.

Table 3

NAICS Code	Number of DBEs from Bidder's List*	Number of All Establishments in Hawaii**	Relative Availability
238140	2	65	3%
236220	5	216	2.3%
238210	5	350	1.4%
238320	1	156	0.6%

Relative availability of each work category was weighted to derive a weighted ratio figure in Table 4. The total weighted ratio figure is the Step One Base Figure.

Table 4

NAICS Code	Category Weight	X (Multiplied)	Relative Availability	Weighted Ratio Figure
238140	30%	X	3%	0.9%
236220	23%	X	2.3%	0.53%
238210	44%	X	1.4%	0.62%
238320	3%	X	0.6%	0.02%
TOTAL	100%			2.07% Rounded 2.1%

The result of the Step One Base Figure calculation is 2.1 percent.

*Bidder's List from the City and County of Honolulu Purchasing Division, Department of Budget and Fiscal Services

**Latest data available from 2016 Geography Area Series: County Business Patterns for Hawaii at: <http://www.census.gov/econ/cbp/index.html>

B. Step Two: Adjusting the Base Figure

Upon establishing the Base Figure, DTS reviewed and applied the median past participation percentage during the past five federal fiscal years. Table 5 reflects past participation measured by actual historical DBE achievements on FTA-assisted contracts awarded by DTS.

Table 5

	FFY 2014	FFY 2015	FFY 2016	FFY 2017	FFY 2018
Overall DBE Goal	10.47%	10.47%	10.47%	14.65%	14.65%
Race Conscious Means	4.29%	4.29%	4.29%	6%	6%
Race Neutral Means	6.18%	6.18%	6.18%	8.65%	8.65%
DBE Achievement	26%	100%	28%	35%	0%

Table 6 reflects the median DBE achievement from Table 5.

Table 6

	FFY 2014	FFY 2016	FFY 2017
Median Achievements	26%	28%	35%

Table 7 reflects the adjustment of Step One Base Figure with the median past participation.

Table 7

Median Past Participation	Step One Base Figure	Step One Base Figure Adjusted for Past Participation	DBE Three Year Overall Goal
28%	2.1%	$(2.1\% + 28\%) / 2 =$	15.05%

V. PROPOSED OVERALL DBE GOAL

The final proposed overall DBE Goal for FFYs 2020-2022 is 15.05 percent.

DTS calculated the RC and RN projection split by using the Disparity Index from the 2010 Hawaii Department of Transportation (HDOT) Disparity Study (Study).^{*} Table 8 shows the Study’s disparity index which was used to determine the RC and RN projections.

Table 8

All Industries, Modes and DBE Type	Utilization	Availability	Disparity Index
AFRICAN AMERICAN	0.16	1.08	14.00
HISPANIC	0.30	2.60	11.50
NATIVE AMERICAN	7.52	11.75	64.00
NON-MINORITY FEMALE	0.55	5.41	10.20
DBE TOTAL	8.53	20.84	40.93

RN and RC Projection Methodology:

1. Multiply 15.05 percent (DBE Goal) by 40.93 percent (Disparity Index) to determine RC percent projection:

$$15.05 \text{ percent} \times 40.93 \text{ percent} = 6.16 \text{ percent RC}$$

2. Subtract RC percentage from DBE Goal to determine RN percentage:

$$15.05 \text{ percent} - 6.16 \text{ percent RC} = 8.89 \text{ percent RN}$$

Overall DBE Goal 15.05 percent

Race Neutral Means	Race Conscious Means
8.89%	6.16%

^{*}Upon a new HDOT study, DTS will adjust its calculation to reflect any changed circumstances, if appropriate.

VI. RACE-NEUTRAL IMPLEMENTATION MEASURES

DTS will meet the maximum feasible portion of its overall goal through RN means by the following:

1. Encourage DBEs, small businesses, minority, and women businesses to register and receive contract opportunity notices and details through the City and County of Honolulu's (City) Department of Budget and Fiscal Services' website.
2. DTS will host and participate in workshops and outreach events for the DBE firms, small businesses, minority, and women businesses to educate and inform attendees of various DBE opportunities, DBE certification requirements and potential City contract opportunities.
3. DTS will arrange solicitation times for presentation of bids, quantity specifications, and delivery schedules that will facilitate the participation of DBEs and other small businesses. This may include unbundling large contracts, and encouraging prime contractors to subcontract portions of their work that they may otherwise perform with their own resources.
4. DTS will provide information and technical assistance to DBEs and other small businesses.
5. DTS will make available the DBE Directory through print and electronic means as needed.

VII. CONSULTATION AND PUBLICATION

In accordance with Title 49 CFR §26.45 (g)(1)(i), a public meeting was held on June 7, 2019 at the City and County of Honolulu's (City) Mission Memorial Hearings Room. There were 152 email invitations that were sent to minority, women's and general contractor groups and community organizations to elicit their comments and feedback on the proposed DBE goal and goal setting process. A notice of the meeting was also posted on DTS' website.

DTS issued a public notice in a local publication on June 14, 2019 announcing the proposed overall three-year DBE goal of 15.05 percent and subsequent 30 day comment period. The proposed goal was also posted on DTS' website along with a link to this document for explanation of our goal setting process.

After completion of the 30 day comment period, the comments will be reviewed to determine if there should be any changes to our goals or procedures.