



ALASKA DEPARTMENT OF TRANSPORTATION & PUBLIC FACILITIES
2018 DBE Utilization Projection and Action Plan

FEDERAL HIGHWAY ADMINISTRATION

PREPARED BY THE ALASKA DEPARTMENT OF TRANSPORTATION & PUBLIC FACILITIES
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INTRODUCTION

The Alaska Department of Transportation and Public Facilities (ADOT&PF/the Department) has established an overall Disadvantaged Business Enterprise (DBE) goal of 8.83% for federal fiscal years (FFY) 2018 through 2020, to be met entirely through race-neutral means. As a condition of its approval of the goal, the Federal Highway Administration (FHWA) has requested that by March 31 of each year the Department project whether it expects to meet its annual DBE goal. If a shortfall is projected, the Department is required to provide FHWA with a plan detailing the remaining portion of the overall goal to be met through the use of project goals.

DBE utilization across the Department's FHWA-funded contracts awarded during the period beginning October 1, 2017 and ending March 26, 2018 (the first period of the fiscal year) was 9.63%. Based on the data reviewed, ADOT&PF projects that it will achieve 8.97% DBE utilization during FFY 2018 through the use of race-neutral measures. Because projected race-neutral DBE utilization exceeds the overall DBE goal, ADOT&PF does not expect to use project goals during FFY 2018. The following information details the process used by the Department to arrive at this conclusion.

METHODOLOGY

Estimate of FFY 2018 Total FHWA Dollars

To project DBE utilization during FFY 2018, the Department first estimated the total FHWA dollars to be awarded during the fiscal year. ADOT&PF reviewed data from the Civil Rights Office (CRO) contract compliance database (Biztrak)¹, the All Regions Tentative Advertising Schedule², and the Regional RFP Advertising Schedules³ to calculate the sum of FHWA dollars already awarded and expected to be awarded during the remainder of the fiscal year.

A review of fiscal year-to-date data revealed that as of March 26, 2018 \$167,739,742 in FHWA funds had been awarded on prime contracts. To estimate FHWA dollars to be awarded during the period beginning March 27, 2018 and ending September 30, 2018 (the second period of the fiscal year), ADOT&PF used data from Biztrak, the All Regions Tentative Advertising Schedule, and Regional RFP Advertising Schedules⁴. Because the All Regions and Regional RFP Advertising Schedules do not provide exact estimates of project cost, ADOT&PF used the lower bounds⁵ of the engineer's estimated ranges to calculate the total estimated cost of upcoming projects, excluding those projects that were not funded by FHWA⁶. This process yielded an estimated total of \$242,511,500 to be awarded during the remainder of the fiscal year.

¹ Biztrak contains data on federally-funded contract as well as DBE and non-DBE contractor participation.

² The All Regions Tentative Advertising Schedule details construction projects expected to advertise up to twelve months in advance.

³ Regional RFP Advertising Schedules detail upcoming construction-related professional services procurements and are available for the ADOT&PF Central and Northern Regions.

⁴ The ADOT&PF Southcoast Region does not maintain an RFP advertising schedule, to account for professional services agreements (PSAs) to be awarded during the second period of the fiscal year in the Southcoast Region, ADOT&PF utilized data from actual awards for the same period in FFY 2017.

⁵ ADOT&PF utilized the lower bounds of the engineer's estimated ranges, consistent with the methodology used by the Department in its calculations of annual On the Job Trainee (OJT) projections.

⁶ ADOT&PF excluded projects funded by FAA, FTA, the State of Alaska, as well as term agreements where the sources of funds were not specified.

Under the assumption that contracts awarded during FFY 2018 will have similar FHWA participation rates as those awarded during FFY 2017, ADOT&PF took steps to account for the portion of projected awards made up of locally matched funds. To accomplish this, the Department calculated the FHWA participation rate across FFY 2017 contracts, and applied it to the total amount projected to be awarded during the second period of FFY 2018. The FFY 2017 FHWA participation rate was calculated to be 93.38%, and when applied to the total dollars projected to be awarded, this process yielded an estimate of \$226,457,239 in FHWA funds to be awarded during the second period of FFY 2018. Following this step, the Department then added the total federal dollars awarded during the first period with the dollars projected to be awarded during the second period to arrive at an estimate for total FHWA dollars to be awarded in FFY 2018. This process is detailed below:

$$\begin{aligned} & (\text{FHWA Dollars Awarded}) + (\text{Projected FHWA Dollars to be Awarded}) \\ & = \$167,739,742 + \$226,457,239 = \$394,196,981 \end{aligned}$$

Estimate of FFY 2018 Total DBE Utilization

ADOT&PF took steps to estimate total DBE utilization during FFY 2018. The Department first calculated DBE utilization across its FHWA-funded contracts that were awarded in the first period of FFY 2018 by extracting data from Biztrak. This process yielded a DBE utilization rate of 9.63% of federal dollars awarded during the period.

$$\frac{\text{Federal Dollars Awarded to DBEs}}{\text{Total Federal Dollars Awarded}} = \frac{\$16,160,419}{\$167,739,742} = 9.63\%$$

To project DBE utilization during the second period of the fiscal year, ADOT&PF calculated the DBE utilization rate for the same period during FFY 2017 and applied it to the projected FHWA dollars to be awarded. The DBE utilization rate from the same period during FFY 2017 was used for several reasons. First, using data from the same period during the previous year may account for any seasonal variables that impact DBE utilization such as reduced DBE capacity during the latter portion of the construction season⁷. Second, no FHWA-funded contracts awarded during FFY 2017 used project goals, providing for a more accurate projection of the level of DBE participation that may be expected absent the use of project goals during FFY 2018. Lastly, data from the most recent fiscal year provides an accurate reflection of the current population of active DBEs certified under the Alaska Unified Certifications Program (AUCP).

ADOT&PF extracted awards and commitments data from Biztrak for the second period of FFY 2017 and calculated the DBE utilization rate. This process yielded a DBE utilization rate of 8.47%, which was then applied to total FHWA dollars projected to be awarded during the second period in FFY 2018 to arrive at a dollar estimate of DBE utilization, as detailed below:

$$\begin{aligned} & (\text{DBE Utilization Rate During 2nd Period of FFY 2017}) \\ & * (\text{Projected FHWA Dollars to be Awarded During 2nd Period of FFY 2018}) \\ & = 8.47\% * \$226,457,239 = \$19,180,928 \end{aligned}$$

⁷ ADOT&PF collects information relating to DBE availability using Contact Report Forms, which prime contractors must submit as part of their bid documents. These reports have shown DBEs reporting to prime contractors, when solicited for quotes, that they were not interested in bidding because they were already at their work capacity for the construction season.

The Department then calculated the sum of FHWA dollars awarded to DBEs during the first period of FFY 2018 with FHWA dollars projected to be awarded to DBEs during the second period of FFY 2018. This figure was then expressed as a percentage of total FHWA dollars projected to be awarded during FFY 2018 to arrive at an estimate for FFY 2018 total DBE utilization, as detailed below:

$$\frac{\textit{Projected Total FFY 2018 DBE Utilization}}{\textit{Projected FFY 2018 Total FHWA Dollars Awarded}} = \frac{(\$19,180,928 + \$16,160,419)}{(\$167,739,742 + \$226,457,239)}$$
$$= \frac{\$35,341,347}{\$394,196,981} = 8.97\%$$

ACTION PLAN

In consideration of the above projections, ADOT&PF does not expect that the use of project goals will be needed to meet the overall DBE goal in FFY 2018. However, the Department will continue to monitor DBE utilization and report to FHWA on a monthly basis, and if necessary, will work with FHWA to make any future adjustments to the ADOT&PF DBE Program. Additionally, ADOT&PF will move forward with its implementation of race-neutral measures as detailed in the FFY 2017 DBE Shortfall Analysis and Action Plan⁸, and will develop its practices for applying project goals under a race-neutral program so the Department is prepared should it become necessary implement project goals.

⁸ <http://www.dot.alaska.gov/cvlrts/pdfs/2017Shortfall-Analysis-Update.pdf>