



Detroit Department of Transportation Proposed Methodology for Determining DBE Goal (49 CFR 26.45) Federal Fiscal Years 2023-2025

Overall DBE Goal

The Detroit Department of Transportation (DDOT), as a recipient of United States Department of Transportation (DOT) financial assistance, is required to establish a Disadvantaged Business Enterprise Program (DBE) plan and an overall goal and methodology. DDOT has developed its DBE goal and goal-setting methodology in accordance with Title 49 Code of Federal Regulations Part 26, Section 26.45. While DDOT DBE goal and methodology is established every three years, DDOT will conduct semi-annual reviews to ensure that its goal remain justifiable.

DDOT has set its overall three-year (3) DBE goal for 2023-2025 at 11%. Table 1 list the anticipated projects by NAICS code, the total projected funds, and the weight of each type of work for the Federal fiscal years (FFY) 2023-2025.

Table 1: Anticipated Projects by NAICS Codes

NAICS CODE	PROJECT	Amount of FTA Funds on Project	% of Total FTA Funds (weight)
238110	Concrete	\$6,699,588	0.1066
238350	Carpentry	\$3,024,801	0.0481
238160	Roofing	\$4,879,723	0.0776
238220	HVAC	\$10,552,796	0.1679
238330	Fire Suppression	\$746,937	0.0119
238210	Electrical	\$6,425,349	0.1022
238910	Demolition	\$2,156,393	0.0343
541611	Construction Management	\$11,397,678	0.1813
541310	Architectural/Engineering	\$13,469,470	0.2143
238990	Furniture	\$1,000,000	0.0159
561621	Security Equipment	\$2,500,000	0.0398
Total FTA-Assisted Contract Funds		\$62,852,735	100%

Methodology

The first step in the DBE goal-setting process involves establishing a base figure for the relative availability of DBEs and non-DBEs in DDOT's business market.

Before beginning the base figure calculation, DDOT determined Metro Detroit as its local market area. According to the US Census, Metropolitan Detroit statistical area is Lapeer, Livingston, Macomb, Oakland, St. Clair, and Wayne counties.

DDOT does not reallocate any FTA funds to subrecipients.

After defining the work categories, DDOT proceeded to identify availability of DBE firms for each work category. The number of DBEs came from the Michigan Unified Certification Program (MUCP) directory of certified DBEs. The number of non-DBEs came from the US Census Bureau on County



Business Patterns dated 2020. The type of work was utilized to determine the availability of all firms in DDOT’s local market area.

Step 1: Baseline Figure Calculation DBE Goal

The base figure for the relative availability of DBEs was calculated as follows:

$$\text{Base Figure} = \frac{\text{Ready, Willing, and Able DBEs}}{\text{All Firms Ready, Willing and Able}} \times \text{Weight} \times 100$$

Weighting

DDOT utilized weighting by reviewing contract dollars spent on different work categories and then applying this to the relative availability of DBE firms within those work classifications. DDOT ensured that the Step One base figure was as accurate as possible. Illustrated below in Table-2 is a listing of work categories, all firm’s availability, and weighting calculation. DDOT’s processes included:

- Identified work categories
- Calculated the percent of federal funding by dividing the dollar amount allocated to a work category by the total amount of funding for all categories.
- Identified the number of relative available DBEs
- Identified the number of relative available “All firms” in Metro Detroit
- Calculated total firms by adding the number of relative available DBEs to the number of relative available firms
- Calculated the percent of DBEs by dividing the number of DBEs by the total number of all firms in the relevant area
- Calculated the weighted availability by multiplying the percent of DBEs with the percent of federal funding

Table 2 – Base Figure

NAICS CODE	PROJECT	Estimated FTA % by NAICS	DBEs	All Firms available (including DBS’s)	Weighted Ratio
238110	Concrete	0.1066	15	547	0.0274
238350	Carpentry	0.0481	8	831	0.0096
238160	Roofing	0.0776	6	307	0.0195
238220	HVAC	0.1679	13	2061	0.0063
238330	Fire Suppression	0.0119	6	336	0.0179
238210	Electrical	0.1022	18	1471	0.0122
238910	Demolition	0.0343	41	3285	0.0125
541611	Construction Management	0.1813	94	1687	0.0557
541310	Architectural & Engineering	0.2143	14	417	0.0336
238990	Furniture	0.0159	34	1137	0.0290
561621	Security Equipment	0.0398	8	170	0.0471
Base Figure		100%	266	12,326	0.0215

DDOT multiplied the FTA funds project weight figure by the availability weight base figure of DBE’s percentage to determine the weighted base figure. Table-3 below shows DDOT’s adjusted base figure using weighting.



Table 3 – Weighted Based Figure

NACIS CODE	PROJECT	Weight	x	Availability	Weighted Base Figure
238110	Concrete	0.1066	X	0.0274	0.0029
238350	Carpentry	0.0481	X	0.2093	0.0101
238160	Roofing	0.0776	X	0.0096	0.0007
238220	HVAC	0.1679	X	0.0195	0.0033
238330	Fire Suppression	0.0119	X	0.0063	0.0001
238210	Electrical	0.1022	X	0.0179	0.0018
238910	Demolition	0.0343	X	0.0125	0.0004
541611	Construction Management	0.1813	X	0.0557	0.0101
541310	Architectural/Engineering Service	0.2143	X	0.0336	0.0072
238990	Furniture	0.0159	X	0.0290	0.0005
561621	Security Equipment	0.0398	X	0.0471	0.0019
Total					0.0390
Expressed as a % (*100)					3.9%
Rounded					4%

STEP-2 Determining if an Adjustment is Needed

After calculating the original base figure of the relative availability of DBE’s, DDOT examined all the evidence available to determine what adjustment was needed to the base figure to arrive at the overall goal. DDOT reviewed the DBE past participation in FTA-funded contracts from FY 2018 through 2022 (see Table-4 below). The historical median for past participation (race neutral and race conscious) is 17%.

Table 4 – DBE Part Participation

Year	Total DBE Achieved (RC+RN)	Total Contract Amount	Total DBE Percentage
2018	\$121,176	\$1,674,761	7%
2019	\$640,102	\$2,496,065	26%
2020	\$1,365,880	\$2,533,899	54%
2021	\$0	\$4,320,578	0%
2022	\$0	\$683,842	0%

DDOT reviewed the types of projects awarded in past Federal fiscal years and compared them to anticipated projects for this upcoming triennial period. DDOT determined that the anticipated projects to be awarded during the triennial period are similar to those awarded in the recent past.

DDOT used the Weighted Base Figure of 4% plus the Historical Median Past Participation of 17% = 21% ÷ 2 = 10.5%.

4% + 17% (base figure) / 2 = 10.5 = 11% Rounded Overall DBE Goal

Step-3 Race-neutral and Race-Conscious Determination

An additional step is to identify what portion of the overall is race-neutral and race-conscious. The DBE rules suggest that agencies/recipients meet the “maximum feasible portion” of its overall DBE utilization goal through race-neutral means of facilitating race-neutral DBE participation.



DDOT estimates that in meeting the overall goal of 11% will obtain 100% from race-neutral participation and 0.0% from race-conscious measures. The following race-neutral means will be utilized by DDOT to increase opportunities for DBEs:

- Unbundling various work categories on projects to allow for subcontractors' participation, awarding contracts to DBE prime contractors and subcontractors as the lowest responsible bidders.
- Providing technical assistance and other outreach services.
- Holding public meetings to discuss upcoming fiscal year projects and work categories.

For reporting purposes, race-neutral DBE participation includes, but is not necessarily limited to the following:

- DBE participation through a prime contract that a DBE obtains through customary competitive procurement procedures.
- DBE participation through a subcontract on a prime contract that does not carry a DBE goal.
- DBE participation on prime contract exceeding a contract goal.

The last step is sharing the proposed DBE overall goal and the methodology to establish the proposed DBE overall goal with the public. The purpose of the public consultation is to:

- 1) Obtain information concerning the availability of disadvantaged and non-disadvantaged businesses,
- 2) To the effects of discrimination on opportunities for DBEs,
- 3) To include DDOT's efforts to establish a level playing field for the participation of DBEs.

The public will be asked to provide comments during a 30-day period. A DBE Goal Notice will be posted on DDOT's website. Following the public consultation period and considering the public's comments, DDOT will adjust the proposed overall goal, if applicable. DDOT will submit the final goal and methodology to FTA.