

Section 26.45: Overall DBE 3-Year Goal Methodology on FAA-Assisted Projects

Name of Recipient: Vermont Agency of Transportation (VTrans)

Goal Period: FY-2021-2022-2023 – October 1, 2020 through September 30, 2023

DOT-assisted contract amount:	FY-2021	\$5,259,500
	FY-2022	\$9,017,500
	FY-2023	<u>\$6,484,500</u>
Total		\$20,761,500

DBE 3-Year Overall Goal: (percentage) 2.86%

Total dollar amount to be expended on DBE's: \$593,779

Describe the Number and Type of Projects that the airport anticipates awarding:

Contracts FY21

1. E.F. Knapp (KMPV) EA for Easements and Obs Removal - \$180,000
2. Franklin Co. (KFSO) Reconstruct Runway – Design - \$612,000
3. Middlebury (6B0) Master Plan Update - \$315,000
4. Rutland (KRUT) Runway 1/19 Rehabilitation – Construction - \$3,330,000
5. Rutland (KRUT) Runway 1/19 Rehabilitation – Preliminary Engineering - \$270,000
6. Rutland (KRUT) ARFF Equipment - \$30,000
7. Springfield/Hartness (KVSF) Improve Runway Safety Apron – Preliminary Design - \$472,500
8. Springfield/Hartness (KVSF) Easement Acquisition – Surveying - \$50,000

Contracts FY22

9. E.F. Knapp (KMPV) Easement Acquisition – Surveying - \$78,750
10. Caledonia Co. (KCDA) Easement Acquisition – Surveying - \$67,500
11. Franklin Co. (KFSO) Easement Acquisition – Surveying - \$135,000
12. Franklin Co. (KFSO) Obstruction Removal - \$94,500
13. Franklin Co. (KFSO) Reconstruct Runway 1/19 – Construction - \$2,200,000
14. Franklin Co. (KFSO) Extend Runway 1/19 – Construction - \$1,800,000
15. Franklin Co. (KFSO) Extend Runway 1/19– Engineering - \$450,000
16. Franklin Co. (KFSO) Widen Runway 1/19 – Construction - \$495,000
17. Franklin Co. (KFSO) Widen Runway 1/19 – Prelim Engineering - \$135,000
18. Franklin Co. (KFSO) Runway Lighting – Construction - \$360,000
19. Franklin Co. (KFSO) Runway Lighting – Prelim Engineering - \$135,000
20. Franklin Co. (KFSO) Extend Parallel Taxiway – Construction - \$810,000
21. Franklin Co. (KFSO) Extend Parallel Taxiway – Engineering - \$270,000
22. Middlebury (6B0) Obstruction Removal – Construction - \$301,500
23. Middlebury (6B0) Obstruction Removal – Preliminary Engineering - \$45,000
24. Morrisville (KMVL) Fuel Farm – Construction - \$900,000
25. Newport (KEFK) Terminal Building – Preliminary Engineering - \$90,000
26. Newport (KEFK) Terminal Building – Construction - \$270,000
27. Hartness (KVSF) Easement Acquisition – Surveying - \$56,250
28. Hartness (KVSF) Obstruction Removal – Construction - \$270,000
29. Hartness (KVSF) Obstruction Removal – Preliminary Engineering - \$54,000

Contracts FY23

- 30. E.F. Knapp (KMPV) Obstruction Removal – Construction - \$225,000
- 31. E.F. Knapp (KMPV) Obstruction Removal – Preliminary Engineering - \$58,500
- 32. Franklin Co. (KFSO) Rotating Beacon – Construction - \$135,000
- 33. Middlebury (6B0) Terminal Building – Preliminary Engineering - \$90,000
- 34. Middlebury (6B0) Terminal Building –Construction - \$270,000
- 35. Rutland (KRUT) Rehab Terminal Apron – Preliminary Engineering - \$360,000
- 36. Rutland (KRUT) SRE/ARFF Building Expansion – Preliminary Engineering - \$67,500
- 37. Rutland (KRUT) SRE/ARFF Building Expansion – Construction - \$418,500
- 38. Hartness (KVSF) Improve Runway Safety Apron – Final Design - \$225,000
- 39. Hartness (KVSF) Improve Runway Safety Apron – Construction - \$4,635,000

**Total Three Year Projected Preliminary Engineering and Construction Costs:
\$ 20,167,500**

The Vermont Agency of Transportation's Disadvantaged Business Enterprise (DBE) Triennial Goal And Goal Setting Methodology for FFY 2021-2023

Introduction and Overview of Goal Setting Process:

The Vermont Agency of Transportation (VTrans) has availed itself of a variety of techniques to comply with the goal setting provisions for participation by disadvantaged business enterprises (DBEs) and airport concessionaire DBEs (ACDBEs) in its FAA-assisted contracting program, as required by Section 26.45 of the DBE Regulations.

VTrans has solicited ideas and suggestions for developing and implementing overall goals by inviting input from the women, minority, and general contracting community. In keeping with our past process, we have utilized a collaborative and inclusive approach to formulating a goal setting methodology, which has included a series of open meetings as well as scheduled, direct, and interactive exchanges with industry and community groups, and prime and DBE contractors and consultants.

Information concerning the purpose and elements of the DBE Program were widely disseminated in writing, and through a series of presentations and public meetings involving a diverse range of individuals and organizations, including our currently certified DBEs, our non-DBE contractors and consultants, the Associated General Contractors - Vermont Chapter, the American Council of Engineering Consultants, the Vermont Commission on Women, the U.S. Small Business Administration, the Vermont Procurement Technical Assistance Center, the Vermont Agency of Commerce and Community Development, the Vermont Women's Business Center, the Vermont Small Business Development Centers, the Vermont Partnership for Fairness and Diversity, the Vermont Community Action Agencies, the Vermont Department of Labor, the Micro Business Development Program, the Women's Small Business Program, Vermont Works for Women (formerly Northern New England Tradeswomen), the Vermont Refugee Resettlement Program, Vermont Chambers of Commerce, Vermont Regional Planning Commissions, the Vermont League of Cities and Towns, the University of Vermont Transportation Research Center, and various towns and municipalities.

VTrans is mindful of the supplemental guidance issued by the U.S. Department of Transportation, Office of the Secretary, via Charles E. James, Sr., the Director of the Departmental Office of Civil Rights (DOCR), originally on a Memorandum dated April 1, 2020, and subsequently extended by Memorandum dated July 27, 2020, concerning DBE and ACDBE Program Requirements during COVID-19 Public Health Emergency. In particular, as it relates to the DBE Overall Goal Methodology Public Participation Requirements, the DOCR guidance provides as follows:

"49 CFR 26.45(g)(1) requires recipient agencies, as part of their triennial overall goal setting process, to provide opportunities for publication, as well as consultation with stakeholder groups, prior to submitting the methodology to the relevant OA for review.

This regulatory provision states that consultation with stakeholder groups must include a scheduled, direct, interactive exchange (e.g., an in-person meeting, video conference,

teleconference) with as many interested stakeholders as possible. In light of the COVID-19 public health emergency, recipients may use alternative methods for carrying out required stakeholder consultation such as:

1. Instead of holding in-person meetings, recipients may use other options allowed under the rule, such as video conference or teleconferencing, by making use of technologies such as FaceTime, Skype, GoToMeeting, Zoom, and other similar telecommunication applications.”

In accordance with this guidance, VTrans has engaged in multiple virtual meetings and events during the spring, summer, and fall of 2020, and the winter of 2021 to share information about the VTrans DBE Program and our proposed FY 2021 – 2023 DBE overall goal with our DBEs and small businesses, as well as representatives from many of our program partners, including the following: The Vermont Procurement Technical Assistance Center, the U.S. Small Business Administration, the Vermont Small Business Development Centers, the Vermont Department of Buildings and General Services, the Vermont Agency of Commerce and Community Development, the Vermont Commission on Women, Vermont Works for Women, Creative Workforce Solutions, the State of Vermont Racial Equity Consortium, and the Vermont Partnership for Fairness and Diversity. During these virtual meetings and mini-conferences and workshops, staff from the VTrans Office of Civil Rights have provided information and invited feedback on certification and contracting opportunities at VTrans, including a detailed discussion of our DBE goal setting process and proposed DBE goal and methodology for FY 2021 - 2023.

Feedback from these individuals and organizations included information concerning the availability of disadvantaged and non-disadvantaged businesses, the effects of discrimination on opportunities for DBEs and ACDBEs, and the scope and effectiveness of VTrans’ efforts to establish a level playing field for the participation of DBEs and ACDBEs.

The final goal for our FAA-assisted contracting program was established through an ongoing dialogue with all our stakeholders and represents an informed consent by stakeholder groups.

To comply with the goal setting provisions of the DBE regulations, VTrans has employed the two-step process outlined in Section 26.45, by first creating a baseline figure reflecting the relative availability of “ready, willing and able DBEs” in our marketplace, and then examining all relevant evidence, including past DBE participation, to determine what adjustments, if any, are needed to arrive at our overall goal.

While VTrans has affirmed its commitment to meeting the maximum feasible portion of our overall goal using race-neutral means, we have also provided the requisite projection of a breakout of participation derived from both race-neutral and race-conscious measures, as specified in Section 26.51. In addition to summarizing our current race-neutral program components, we have identified a variety of new strategies, the implementation of which will serve as additional program performance measures.

Federal Aviation Administration (FAA) Goal:

In FY 2021 – FY 2023, VTrans intends to expend 2.86% of the federal financial assistance received from the Federal Aviation Administration with small business concerns owned and controlled by socially and economically disadvantaged individuals (DBEs and ACDBEs). It is the intent of VTrans to meet the maximum feasible portion of this overall goal by using race-neutral means of facilitating DBE participation. On our FAA-assisted contracts, VTrans estimates that we will meet 0.43% of our overall goal through race-neutral means and 2.43% through race-conscious measures.

Goal Methodology:

Pursuant to February 2010 USDOT rule amendments to 49 CFR Section 26.45, VTrans’ overall annual goal of 2.86% on FAA-funded contracts is effective for a period of three years: FY 2021 – FY 2023.

As in the past, the State of Vermont is proposing a single DBE goal for all of the airport facilities within the state, as well as projects performed directly by the Agency of Transportation. Vermont is a small state, and all of the airports face essentially the same market conditions and set of potential vendors. They all have to make use of the VTrans DBE Directory. Over time, they also face the same capital needs in terms of runway and facility maintenance. Thus, even if the DBE goal methodology were to be executed separately for each airport, the results would likely be nearly identical.

The following describes the goal methodology used to determine this three-year goal:

Step 1: Base Figure for the Relative Availability of DBEs

As specified in Section 26.45(c) of the DBE Regulations, the method used to calculate the relative availability of DBEs (“base figure”) for Step 1 of the goal setting process is a percentage figure calculated by dividing a number representing available DBEs by a number representing all available firms (Method 1). VTrans employed the use of our DBE directory and Census Bureau data for calculating a base figure. We obtained our data and calculated the relative availability percentage in the following manner:

- The Rail and Aviation Bureau (RAB) at VTrans maintains a five-year Capital Improvement Program with detailed spending projections for each airport in the state. The federal spending for each project was identified, and then the itemized spending was categorized by six-digit North American Industry Classification System (NAICS) code. The list of the projects with a federal share of \$250,000 or more expected for the coming three-year period is shown in Table 1. The collection of NAICS codes, their descriptions and projected federal spending is shown below in Table 2.

Table 1. Expected Capital Projects

FFY	Airport	Description	Federal Amount
21	Springfield/Hartness (VSF)	Improve runway safety area	\$4,635,000

22	Rutland (RUT)	Runway 1/19 Rehabilitation	\$3,330,000
22	Franklin County/Highgate (FSO)	Supp. - Reconstruct Runway 1/19	\$2,200,000
22	Franklin County/Highgate (FSO)	Extend Runway 1/19 (600')	\$1,800,000
22	Morrisville-Stowe (MVL)	Fuel Farm	\$900,000
22	Franklin County/Highgate (FSO)	Extend Parallel Taxiway	\$810,000
21	Franklin County/Highgate (FSO)	Reconstruct Runway 1/19 (Design)	\$612,000
22	Franklin County/Highgate (FSO)	Widen Runway 1/19	\$495,000
21	Springfield/Hartness (VSF)	Improve runway safety area (Preliminary Design)	\$472,500
22	Franklin County/Highgate (FSO)	Extend Runway 1/19 (600') - A/E and permits	\$450,000
23	Rutland (RUT)	Airport Rescue & Fire Fighting Building Expansion	\$418,500
22	Franklin County/Highgate (FSO)	Runway Lighting and Segmented Circle	\$360,000
23	Rutland (RUT)	Rehabilitate Terminal Apron (Phased) PE	\$360,000
21	Middlebury (6B0)	Airport Master Plan	\$315,000
22	Middlebury (6B0)	Obstruction Removal	\$301,500
22	Franklin County/Highgate (FSO)	Extend Parallel Taxiway - A/E and permits	\$270,000
23	Middlebury (6B0)	Terminal Building	\$270,000
22	Newport (EFK)	Terminal Building	\$270,000
21	Rutland (RUT)	Runway 1/19 Rehabilitation (PE)	\$270,000
22	Springfield/Hartness (VSF)	Obstruction Removal	\$270,000

Table 2. Projected Spending by NAICS Code

NAICS Code	Description	FY21-23 Spending	% of Total
236210	Industrial building construction	\$418,500	2.0%
236220	Commercial and institutional building construction	\$540,000	2.6%
237310	Highway, street, and bridge construction	\$8,635,000	41.6%
238990	All other specialty trade contractors	\$5,526,000	26.6%
339113	Other Lighting Equipment Manufacturing	\$495,000	2.4%
335129	Firefighting suits and accessories manufacturing	\$30,000	0.1%
424710	Petroleum Bulk Stations and Terminals	\$900,000	4.3%
541330	Engineering services	\$3,334,500	16.1%
541370	Surveying, mapping (exc. geophysical) services	\$387,500	1.9%
541620	Environmental consulting services	\$180,000	0.9%
541990	Other professional, scientific, and technical services, including planning	\$315,000	1.5%
	TOTAL	\$20,761,500	100.0%

- We determined the number of ready, willing and able DBEs in our market from our DBE registry for each of these NAICS codes. The VTrans registry (at <http://apps.vtrans.vermont.gov/dberegistry/>) supports searches by NAICS code, allowing for the simple tabulation of the number of available firms.
- The next step was to determine the appropriate market area for the analysis. In the past, the default market area has been the State of Vermont, but for each of these NAICS codes, Vermont firms represented only a small minority of the certified DBEs. Table 3 shows the

distribution of DBE firms in the VTrans directory by state for each of the relevant NAICS codes.

Table 3. Vermont-certified DBE Firms by State

NAICS Code	Total DBE firms	VT	MA	NY	NH	PA	NJ	CT	Other
236210	2	1					1		
236220	11	1	2	2		2	2		2
237310	21	4	4	7		2	1		3
238990	10	3	1	1	2	1		1	1
335129	0								
339113	0								
424710	0								
541330	33	4	7	5	2	2		2	10
541370	5	2	1					1	1
541620	18	7	5	2	1		1		2
541990	11	3	2					1	5

- To make the denominator of the availability calculation more consistent with the geography of the numerator (the DBE firms) a broader area was defined which includes all of Vermont and New Hampshire, seven counties in northern and western Massachusetts, five counties in northern and central Connecticut, and 13 counties in eastern New York (as far south at Dutchess County). This area is the same as was used in the development of the DBE goal for FTA-assisted contracts. This area excludes the most urbanized portions of Massachusetts and New York, which have many more establishments than the other parts of those states, and which would have depressed the DBE goal. Of course, this area also excludes the home states of many of the firms in the DBE registry, with New Jersey, Maryland, Pennsylvania, and Florida particularly well represented there.
- Finally, using the Census Bureau's County Business Pattern (CBP) database, we determined the number of establishments for the relevant area for each of the NAICS codes. The most recent available data from the census is for 2018.

Table 4 shows the number of VAOT-certified DBE firms in each of these categories and the number of establishments in the defined market area.

Table 4. Relative Availability of DBE Firms by NAICS Code

NAICS Code	Description	VT DBE Firms	CBP Total for Market Area
236210	Industrial building construction	2	28
236220	Commercial and institutional building construction	11	994
237310	Highway, street, and bridge construction	21	342
238990	All other specialty trade contractors	10	1,098
339113	Other Lighting Equipment Manufacturing	0	45
335129	Firefighting suits and accessories manufacturing	0	19
424710	Petroleum Bulk Stations and Terminals	0	53
541330	Engineering services	33	1,962
541370	Surveying, mapping (exc. geophysical) services	5	242
541620	Environmental consulting services	18	371

541990	Other professional, scientific, and technical services, including	11	437
		111	5,591

The 111 ready, willing, and able DBE firms in the Vermont DBE Registry, divided by the 5,591 total firms from the County Business Patterns database in the defined market area yields an unweighted base figure of 1.99%.

In order to better reflect the availability of DBE contractors with regard to potential spending, we recalculated the relative availability using a weighted approach, so that the NAICS codes with higher spending are weighted more heavily. The percentages of total spending represented by each of the NAICS categories, shown in the rightmost column of Table 1, were multiplied by the percent availability of DBE contractors for each NAICS code. The results of this calculation are shown below in Table 5.

Table 5. Weighted Average of DBE Availability

NAICS Code	Number of DBEs available to perform this work	Number of all firms available (including DBEs)	Pct Available		Weight	Weighted Availability
236210	2	28	7.1%	x	2.0%	0.14%
236220	11	994	1.1%	x	2.6%	0.03%
237310	21	342	6.1%	x	41.6%	0.04%
238990	10	1,098	0.9%	x	26.6%	2.55%
339113	0	45	0.0%	x	2.4%	0.24%
335129	0	19	0.0%	x	0.1%	0.00%
424710	0	53	0.0%	x	4.3%	0.00%
541330	33	1,962	1.7%	x	16.1%	0.00%
541370	5	242	2.1%	x	1.9%	0.27%
541620	18	371	4.9%	x	0.9%	0.04%
541990	11	437	2.5%	x	1.5%	0.04%

The weighted average DBE availability is the sum of the weighted availabilities in the rightmost column, which comes out to 3.36%. This is the step 1 base figure.

Step 2: Adjustment to Base Figure

As specified in Section 26.45, once the relative availability of ready, willing and able DBEs in our marketplace has been determined, it is necessary to examine additional evidence and, if appropriate, make adjustments to the base figure, to ensure that our goal truly and accurately reflects the level of DBE participation we would expect absent the effects of discrimination. Table 6 below shows the historical awards to DBE firms by year for the past three years.

Table 6. Historical Contract Awards to DBE Firms

Federal Fiscal Year	DBE Percentage of Contract Awards
2018	5.39%

2019	2.35%
2020	2.68%

The median for the past three years is 2.68%. Over the past three years, there have been two DBE firms that have won prime contracts and four other firms that have had subcontracting roles. FY2018 included a large construction contract with a DBE firm that resulted in the highest DBE percentage in nearly a decade.

The experience thus far in FY21 suggests that meeting the DBE goal will continue to be a challenge. VTrans thus chooses to average the weighted base figure with the median figure from the past five years to result in a goal of 2.86%.

VTrans considered several other potential adjustments to the base figure before concluding the analysis:

- **Disparity Studies:** There has been no disparity study performed in Vermont, New Hampshire, or Maine for any public agency or private sector company.
- **Statistical Disparities in the Ability of DBEs to Get the Financing, Bonding, and Insurance Required to Participate in the VTrans DBE Program:** VTrans has not collected and analyzed this data related to transit contracts. VTrans offers training, mentoring, and one-on-one business coaching to its DBEs through the VTrans Business Development Program, and partners with the Small Business Administration and other agencies to promote accessible financing, bonding, and insurance to all certified DBEs. This has not been identified as a barrier to contracting and procurement opportunities for DBEs in Vermont.
- **Data on Employment, Self-Employment, Education, Training and Union Apprenticeship Programs, to the Extent They Relate to the Opportunities for DBEs to Perform in the VTrans DBE Program:** VTrans has not collected and analyzed this data related to transit contracts. Through the VTrans Business Development Program, DBEs are assessed for training needs, and VTrans funds DBE training to remove barriers, build capacity, and enhance critical business skills.

After full consideration of these factors, VTrans concludes that the adjusted weighted base figure of 2.86% is an appropriate goal for FY 2021 – 2023 for our FTA-assisted contracts.

Breakout of Estimated Race-Neutral and Race-Conscious Participation

VTrans will meet the maximum feasible portion of its overall goal by using race-neutral means of facilitating DBE participation. VTrans uses the following race-neutral means to promote DBE participation:

- Providing technical assistance and other services to DBEs, directly and via consultants, seminars, partnerships with technical assistance providers and academic institutions.

- Administering a business development program, the Vermont Business Development Program (VBDP), for certified DBEs that provides one-on-one business counseling and needs assessments, business and marketing plan development, and training and networking opportunities.
- Carrying out information and communications programs on contracting procedures and specific contract opportunities, including electronic notification of all bidding and contracting opportunities on a weekly basis.
- Providing formal and informal training and presentations to DBEs and other contractors.
- Implementing a supportive services program to develop and improve immediate and long-term business management, record keeping, and financial and accounting capability for DBEs.
- Providing frequent updates to our DBEs on all bidding and subcontracting opportunities.
- Providing prompt payment monitoring and enforcement for payments to all subcontractors, including DBEs.
- Conducting periodic user surveys and needs assessments to better determine DBE needs (e.g., training, financing, etc.) and to obtain better contact info.
- Ensuring distribution of our DBE Directory, through print and electronic means, to the widest feasible universe of potential prime contractors, including mail distribution to all potential prime bidders, and widespread distribution at conferences, expos, and seminars.
- Developing and delivering small business training and networking opportunities, including the annual Government Contracting Conference, the annual Women's Economic Opportunity Conference, matchmaker events, etc.
- Assisting DBEs to develop their capability to utilize emerging technology and conduct business through electronic media, and utilizing our website to disseminate information, including our Directory, bid opportunities, updated information on Part 26, and useful links.
- Providing services to help DBEs improve long-term development, increase opportunities to participate in a variety of different kinds of work, handle increasingly significant projects, successfully compete as prime contractors, and achieve eventual self-sufficiency.
- Providing assistance in overcoming limitations such as an inability to obtain bonding or financing and identify and eliminate other barriers to contracting with the VT Agency of Transportation.
- Networking with local, state and federal agencies, non-profits, academic and business communities to obtain maximum partnering opportunities and resources and develop comprehensive resource and referral network with technical assistance and service providers.

- Coordinating with other state DBE Liaison Officers, to ensure certification reciprocity and to maximize interstate contracting opportunities; and
- Assisting DBEs to establish prequalification status.

In addition to the above-described race-neutral means that VTrans already employs to increase DBE participation, we propose implementing and expanding our efforts in the following ways:

- Providing more one-on-one business counseling services to our DBEs.
- Ensuring that our prime contractors consider the use of DBEs in all possible work categories, by providing quick reference guides detailing the expertise and capacities of our DBEs.
- Providing frequent updates to our DBEs on all bidding and subcontracting opportunities.
- Providing more effective outreach with minority businesses.

Breakout of Estimated Race-Neutral and Race-Conscious Participation: FAA-Assisted Contracting Program:

On our FAA-assisted contracts, VTrans estimates that we will meet 0.43% of our overall goal through race-neutral means and 2.43% through race-conscious measures.

Because most of the non-construction work funded by FAA is procured through retainer contracts, it is not generally feasible to include race-conscious goals in such work. Construction contracts offer much greater opportunities for DBE subcontractors. Construction spending is projected to consume about 73% of total FAA funded work over the coming three years. This implies that among all construction contracts, there will be a race-conscious DBE contract goal of about 3.77% on average.

We will adjust the estimated breakout of race-neutral and race-conscious participation as needed to reflect actual DBE participation and we will track and report race-neutral and race-conscious participation separately. For reporting purposes, race-neutral DBE participation includes, but is not necessarily limited to, the following:

- DBE participation through a prime contract 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 a prime contract exceeding a contract goal.
- DBE participation through a subcontract from a prime contractor that did not consider a firm's DBE status in making the award.