

DBE GOAL SETTING

Why are project goals set?

The Disadvantaged Business Enterprises (DBE) program is mandated by Congress under TEA 21 (Transportation Equity Act for the 21st Century). DBE goal setting requirements, detailed in 49 CFR Part 26, are passed down to the State as part of the DBE program and required as a condition of the funding agreement. If the State does not meet the DBE requirements, the State will be ineligible to receive USDOT assisted funding.

Who sets this goal?

The Civil Rights Office

How are project goals set?

Setting goals is a process of reviewing projects and eliminating bid items that aren't reasonable to be subcontracted to DBEs. The basic steps of goal setting are outlined in this brochure.

What is a goal?

Project goals establish the amount of DBE participation that is believed can be reasonably achieved and is one of the ways the department meets federal DBE program requirements. DBE goals have two parts:

- (1) DBE Utilization Goal; the percentage of the basic bid amount that must be satisfied by DBE subcontracts.
- (2) DBE Work Categories; used if DBE Utilization Goal cannot be met and a Good Faith Effort is required to be demonstrated by the contractor.

DBE GOAL SETTING PROCESS

When the Civil Rights Office sets a goal on a project many factors are taken into consideration.

- Scope of the project
- The type of contractor who would most likely bid as a prime on the project
- Location of the project
- Inter-dependence-of-time of the bid items
- Available DBEs for the type and area of work
- Other factors that may vary from project to project.

Project Review

— **Project Scope**

The scope of the project and overall dollar value of the primary bid items are considered to determine the type of contractor likely to bid as a prime. The bid items typically performed by the assumed prime contractor are generally not considered subcontractable to DBEs.

— **Work Categories**

The work items that are considered subcontractable are then classified into the appropriate DBE work category, which can be found in the DBE Directory at:

www.dot.state.ak.us/cvlrts/index.shtml

Generally, bid items in work categories that do not have at least three DBEs listed in the project's region are not considered subcontractable to DBEs.

— **Project Location**

Individual work items, or groupings of like work items with relatively low dollar values are generally not considered subcontractable on projects in locations with high shipping or mobilization costs.

— **Project Timing**

Bid items that require tight scheduling, or significantly control overall project timing are best handled by the prime contractor would not be considered subcontractable. Generally such determination is made in conjunction with the Department's Design and Construction sections.

Goal Calculation

The DBE goal is then calculated as a percentage of the total estimated dollar value of the DBE subcontractable bid items over the total basic bid amount. This percentage is considered the maximum justifiable DBE goal.

Goal Adjustment

Setting DBE goals varies greatly from project to project. Sometimes important details of a project are not available at the time the goal is calculated. For that reason, the Civil Rights Office welcomes public questions and comments on DBE project goals.

What if a goal can't be met?

Before a project is awarded the low bidder is required to meet (or exceed) the goal percent set on a project, or submit an acceptable Good Faith Effort (GFE) when the goal percentage is not met.

A bidder may meet the project DBE project goal by utilizing DBE(s) as subcontractors or by having DBE(s) supply creditable materials or goods. The DBE must be certified in the DBE category for the work to be performed, or items to be supplied in order to receive credit toward meeting the DBE project goal for award. This is regardless of whether the Work Category is designated on the *DBE Subcontractable Items* form (25A-324).

Should a low bidder not meet the DBE Utilization Goal percent on a project the bidder must be able to demonstrate an acceptable GFE as outlined in the Section (Special Provision) 120.

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The Civil Rights Office (CRO) certifies all Disadvantaged Business Enterprises (DBEs) for the Alaska Unified Certification Program. The CRO also ensures statewide compliance with the Alaska Department of Transportation and Public Facilities (ADOT&PF) federal non-discrimination and affirmative action obligations as a condition of continued federal funding for highway and airport construction. ADOT&PF promotes opportunities for socially and economically disadvantaged individuals to participate on federally funded highway and aviation projects through the DBE Program.

It is the policy of the ADOT&PF to ensure compliance with Title VI of the Civil Rights Act of 1964, related statutes and regulations to the end that no person shall be excluded from participation in or be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance from the U.S. Department of Transportation on the grounds of race, color, sex, age, disability, or national origin.

Demystifying Project Goal Setting for DBE Participation

Alaska Department of Transportation and Public Facilities



Civil Rights Office