

Idaho Transportation Department (ITD)
Methodology Process for Determining the
Disadvantaged Business Enterprise (DBE)
Annual Participation Goal (APG)

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Introduction

The Idaho Transportation Department (ITD), in accordance with U.S. Department of Transportation (USDOT) requirements, submits the following for the determination of Disadvantaged Business Enterprise (DBE) Program Annual Participation Goals (APG) for projects receiving funding through the Federal Transit Administration (FTA) and Federal Aviation Administration (FAA) for Federal Fiscal Years (FFY) FFY2012 through FFY2014.

In addition ITD submits this information to the Federal Highway Administration (FHWA) for a proposed reduction of the current APG for projects receiving funding through FHWA for the time frame of FFY 2011 through FFY 2013.

ITD calculates the APG using the criteria set forth in 49 CFR Part 26.45. The determination of the level of DBE participation is based on the availability of all DBE businesses that are ready, willing, and able to participate on USDOT-assisted contracts in the State of Idaho. The determination will reflect a level of participation that ITD would expect to have in the absence of discrimination or other socio-economic barriers.

Step 1: Setting the APG Base Figure

In determining Step 1, the base figure for the relative availability of DBEs, ITD will use the method identified in 49 CFR Part 26.45 (c)(3).

(c) *Step 1. You must begin your goal setting process by determining a base figure for the relative availability of DBEs. The following are examples of approaches that you may take toward determining a base figure. These examples are provided as a starting point for your goal setting process. Any percentage figure derived from one of these examples should be considered a basis from which you begin when examining all evidence available in your jurisdiction. These examples are not intended as an exhaustive list. Other methods or combinations of methods to determine a base figure may be used, subject to approval by the concerned operating administration.*

(3) *Use data from a Disparity Study. Use a percentage figure derived from data in a valid applicable Disparity Study.*

Again this year ITD is using data from the 2007 ITD Disparity Study as the first step in the goal-setting process. The Disparity Study was completed by BBC Research & Consulting (BBC) in December 2007. A new study is in progress and results will be provided by the fall of 2011.

The result of Step 1 in the goal-setting process is a 10.5% base figure for the APG. This percentage was established based on the relative dollar-weighted availability of minority- and women-owned firms to perform federally-assisted transportation construction and engineering work within Idaho.

BBC performed a statistical analysis of ITD contracts to determine the percentage of work that could be expected to go to minority and women-owned firms in the absence of any discriminatory barriers. The data required for this statistical analysis came from telephone interviews with firms potentially available for transportation construction and engineering work in the Idaho marketplace, and BBC's compilations of data on more than 4,500 ITD prime contracts and subcontracts. In the availability survey, BBC attempted to reach every firm on ITD's bidder list and the study team contacted business establishments in Idaho, Eastern Washington and Northern Utah that were listed in the Dun & Bradstreet (D&B) directory for primary lines of work potentially related to transportation construction and engineering (see Disparity Study Section II, Pages 2-5).

The BBC study team obtained completed surveys from 3,058 business establishments. After screening potentially available firms and merging responses for firms with multiple locations, there were 560 for-profit firms reporting that they:

- Perform work related to transportation construction, maintenance or design (in the lines of business pertinent to this study);
- Are qualified and interested in performing transportation-related work for ITD in the future, as a prime contractor and/or subcontractor (or supplier or trucker);
- Have attempted to obtain this work in the past (in the public or private sector);
- Indicated the regions of Idaho in which they can perform work; and
- Reported MBE/WBE/majority ownership status.

Among these 560 firms available for ITD work, 23% indicated that they were minority or women owned. This is an initial “head count” measure of the relative availability of DBEs.

BBC conducted a statistical analysis that examined thousands of prime contracts and subcontracts for ITD projects from 2002 through 2006. For each contract element, BBC estimated the number of minority- and women-owned firms and the total number of firms surveyed that were available for that work based on:

- Specialization of work;
- Prime contract versus subcontract role;
- Location of work;
- Size of contract or subcontract element; and
- Contract date.

As described in Section II, Pages 9-12 of the Disparity Study, BBC then weighted the relative MBE/WBE availability for each contract element by the dollars for that element. Appendix D of the Disparity Study provides additional information on this process. This dollar-weighting produced a base figure of 15.3 percent DBE participation.

The 15.3 dollar-weighted availability statistic pertains to all minority- and women-owned firms. Many minority- and women-owned firms are not currently DBE certified, and some of the largest MBE/WBEs might not meet the federal eligibility requirements for DBE certification. BBC identified two sets of firms that should not be coded as potential DBEs for purposes of establishing the base figure:

- Firms that had been certified as DBEs but were no longer certified because they exceeded the revenue limits or personal net worth limits (e.g., they had graduated from the DBE Program).
- High-revenue firms (construction-related firms that reported 2006 gross revenue of more than \$10 million and engineering-related firms with 2006 gross revenue of more than \$5 million). These size categories from the Availability Survey most closely matched U.S. Small Business Administration size thresholds for these disciplines and also account for the fact that firms above these revenue limits are more likely to exceed the personal net worth limit of \$750,000 than firms below these revenue limits. (Size thresholds and personal net worth limits reflect the levels at the time of the study)

Removing these firms reduced the availability statistic by about 5 percentage points to a revised base figure of 10.5 percent. This availability statistic represents utilization expected on ITD federally-funded

contracts for firms that are potentially DBEs. Note that no firms that were DBE-certified at the time of the Disparity Study were excluded from the base figure through this process.

Step 2: Adjustments to the APG Base Figure

In past years, the APG base figure was adjusted in a second step as identified in 49 CFR Part 26.45 (d)(1)(i) by factoring in past DBE participation on highway construction and design state-funded and federally-funded contracts for a final, modified percentage.

(d) *Step 2. Once you have calculated a base figure, you must examine all of the evidence available in your jurisdiction to determine what adjustment, if any, is needed to the base figure in order to arrive at your overall goal.*

(1) *There are many types of evidence that must be considered when adjusting the base figure. These include:*

(i) *The current capacity of DBEs to perform work in your DOT-assisted contracting program, as measured by the volume of work DBEs have performed in recent years.;*

In the FFY 2011 APG submission, ITD continues to consider participation of DBEs in transportation contracts. DBEs were awarded 7.3 percent of contract dollars based on BBC's analysis of ITD federally-funded contracts from 2002 through January 2006. This demonstrated participation is lower than the possible base figure of 10.5 percent DBE participation. (See Section IV of the Disparity Study.)

ITD also has information from the BBC Disparity Study pertaining to conditions within the Idaho transportation contracting marketplace. Consideration of this information is appropriate given 49 CFR Part 26.45 (d)(1)(ii):

(d) *Step 2. Once you have calculated a base figure, you must examine all of the evidence available in your jurisdiction to determine what adjustment, if any, is needed to the base figure in order to arrive at your overall goal.*

(1) *There are many types of evidence that must be considered when adjusting the base figure. These include:*

(ii) *Evidence from disparity studies conducted anywhere within your jurisdiction, to the extent it is not already accounted for in your base figure.*

Section III of the Disparity Study examines a number of factors related to possible adjustment of the base figure. A few of these are described below. It is important to note that neither BBC nor ITD attempted to estimate the quantitative impact on the base figure of each of these factors. A general overall assessment was made considering all of these factors as a whole.

Current DBE certification of minority- and women-owned firms. The BBC availability analysis showed about one-half of the minority- and women-owned firms as DBE-certified. This is due to the 10.5 percent figure including minority- and women-owned firms that could potentially be certified as DBEs.

DBE Supportive Services Coordinator (DBE/SSC) has continued to provide extensive outreach to these non-DBE companies but it is still a challenge for ITD to encourage these business owners to obtain certification. To date the DBE/SSC has completed presentations in 15 locations throughout Idaho since the beginning of the current federal fiscal year with a total of 270 attendees. In addition the DBE/SSC gave a presentation and staffed a vendor table at the Native American PTAC Conference in Boise and at the Annual Idaho Business Opportunity Conference in Coeur d'Alene in November. In January the DBE/SSC co-hosted a free USDOL Wage & Hour workshop with the Small Business Administration which there were 111 participants with only 10 being current DBEs. Then in March she was an exhibitor at the Veterans Opportunity Conference where she also participated in a government

procurement panel. Finally, on April 26th and 27th the DBE/SSC and the DBE Program Administrator both attended the ITD Project Development Conference to conduct networking with companies within the Idaho consultant industry. During each of these activities the DBE/SSC provided information on the DBE Program.

Based on the ITD Bidders List there was a total of 1,291 firms registered for the 2010 calendar year with 183 certified as DBE. Currently ITD shows a total of 1,176 registered on the 2011 Bidders List with a total of 193 DBE certified firms. This data shows that to date the number of bidders registered with ITD has decreased, and the number of certified DBE firms has increased. When looking at this data as percentages it shows that in 2010 there were 14.17% DBE and 85.83% non-DBE firms registered with ITD compared to 2011 data which shows 16.41% DBE and 83.75% non-DBE firms registered. This is a 2.24% increase in DBE firms compared to Non-DBE firms.

When looking at this data with only the Idaho based DBE firms it shows 111 DBE firms in 2010 vs. 117 in 2011. This shows 8.59% DBE firm and 91.05% non-DBE firms for 2010 vs. 9.94% DBE firms and 90.15% non-DBE firms in 2011. This data shows that there was only a 1.35% increase in the Idaho based DBE firms during this time.

The following chart shows the breakdown of the total number of firms currently registered as bidders in the state of Idaho for calendar year 2011. (Figures include both Idaho and out-of state DBE and Non-DBE firms)

SEX	ETHNICITY	2011
Female	Asian Indian	2
	Asian Pacific	1
	Black	5
	Caucasian	195
	Hispanic	5
	Native American	11
	Misc Minority/Unknown	7
	Female Total	226
Male	Asian Indian	2
	Asian Pacific	11
	Black	14
	Caucasian	868
	Hispanic	23
	Native American	21
	Misc Minority/Unknown	11
	Male Total	950
TOTAL:		1,176

When comparing the number of DBE firms for 2010 vs. 2011 ITD calculated an increase of 5.4% for both the number of overall and Idaho based DBE firms. A further breakdown on the companies that left the program showed 90% of the decrease included DBE firms located within Idaho and the surrounding states. ITD also calculated the number of new firms during this time frame and this data showed that 29% of the increase was DBE construction firms. However, none of these DBE firms were large construction companies. Based on this data ITD determined that the overall impact of the decrease in the firms certified in Idaho had a negative impact in obtaining DBE participation on ITD projects.

The following chart shows the breakdown of the total number of DBE firms certified in the state of Idaho in May 2010 vs. firms currently certified as of May 2011. (Figures include both Idaho and out-of-state DBEs)

IDAHO BASED & OUT OF STATE BASED DBE FIRMS			
SEX	ETHNICITY	2010	2011
Female	Asian Indian	1	1
	Asian Pacific	1	1
	Black	3	4
	Caucasian	105	105
	Hispanic	3	3
	Native American	8	11
Male	Asian Indian	4	5
	Asian Pacific	7	7
	Black	12	15
	Caucasian	1	1
	Hispanic	20	22
	Native American	18	18
TOTAL:		183	193

IDAHO BASED DBE FIRMS			
SEX	ETHNICITY	2010	2011
Female	Asian Indian	1	1
	Asian Pacific	0	0
	Black	0	0
	Caucasian	66	67
	Hispanic	3	2
	Native American	7	9
Male	Asian Indian	1	2
	Asian Pacific	1	1
	Black	5	5
	Caucasian	1	1
	Hispanic	14	15
	Native American	12	14
TOTAL:		111	117

Education. About one-half of the individuals working in the engineering industry have at least a four-year college degree. More than three-quarters of people working as engineers have this level of education. Educational attainment may be a barrier for Hispanic Americans and Native Americans working in the Idaho marketplace because they are less likely to have a college degree than other groups, as discussed in Appendix F of the Disparity Study. These disparities in education, however, do not readily translate into a step 2 adjustment to the base figure.

Business earnings. BBC examined U.S. Census data on earnings of business owners in construction and engineering using similar methods to those used in the court cases involving state departments of transportation in Illinois and Minnesota. After accounting for neutral factors, BBC found statistically significant disparities in earnings for female business owners. BBC calculated a disparity index of 49 for business earnings for female business owners in the Idaho construction industry. This disparity index, however, does not directly translate into a step 2 adjustment to the base figure. (See Appendix H of the Disparity Study for a discussion of the business earnings regression analysis.) The regression models in Appendix H also indicate that differences in the earnings of minority business owners were not statistically significant after controlling for other factors.

ITD also reviewed the gross receipts of the DBE firms and non-DBE firms currently registered on the Idaho Bidders list and this information is shown in the following charts. In addition the chart for the DBE firms shows a comparison of the FFY10 vs. FFY11 percentages.

FFY10 Number of DBE Firms	FFY11 Number of DBE Firms	Gross Receipt Category	FFY10 Percentage	FFY11 Percentage
78	87	\$0 - \$499,998	6.77%	7.40%
20	16	\$500,000 - \$999,998	1.74%	1.36%
51	60	\$1 Mil - \$4.9 Mil	4.43%	5.10%
18	10	\$5 Mil - \$9.9 Mil	1.56%	.85%
2	5	\$10 Mil - \$14.9 Mil	0.17%	.43%
0	0	\$15 Mil - \$19.9 Mil	0%	0%
0	0	\$20 Mil - \$29.9 Mil	0%	0%
0	0	\$30 Mil - \$39.9 Mil	0%	0%
0	0	\$40 Mil +	0%	0%

Number of Non-DBE Firms	Gross Receipt Category	Percentage
190	\$0 - \$499,998	16.16%
114	\$500,000 - \$999,998	9.69%
257	\$1 Mil - \$4.9 Mil	21.85%
105	\$5 Mil - \$9.9 Mil	8.93%
47	\$10 Mil - \$14.9 Mil	3.99%
33	\$15 Mil - \$19.9 Mil	2.81%
30	\$20 Mil - \$29.9 Mil	2.55%
14	\$30 Mil - \$39.9 Mil	1.19%
100	\$40 Mil +	8.59%
108	Grosses not Available	9.18%

This information shows a limited number of DBE firms that have the capability to bid as a prime especially when compared to the non-DBE firms. Even with the stimulus funds which created smaller projects, DBE companies stated that due to the short bidding timeframes, lack of staff, lack of bonding capabilities and other barriers they could not bid as a prime. (See outreach summary)

ITD records based on available information show the DBE gross receipts from 2006 through 2009 (most current information) have shown some positive growth. The following shows the percentage of the increase and decrease of DBE growth within various categories.

- DBEs showing positive growth = 39.27%
- Average Positive Increase = 35.48%
- Median Positive Increase = 14.85%

- DBEs showing Decrease = 47.64%
- Average Decrease = 16.21%
- Median Decrease = 11.89%
- No Change or Non-Applicable = 13.09%

An area closely looked at again this year was the cost of materials and types of projects over the past five years. Idaho is continuing to move towards more maintenance projects vs. new construction. The current ITD Statewide Transportation Improvement Program (STIP) which covers 2011 through 2015 and can be accessed at <http://itd.idaho.gov/planning/stip/> shows this trend is going to continue. This reinforced the fact that ITD projects are moving towards maintenance/rehabilitation projects which impacts the number and types of subcontracting opportunities available to DBEs. ITD will continue to monitor this trend and if new funding is made available an analysis will be made to determine if the DBE goal would need to be adjusted.

In order to obtain a realistic view ITD compared fuel costs from October 2007 through May of 2011. As shown on the included chart the cost of fuel was at its highest during the summer of 2008 when it was \$4.1167 per gallon. Although this cost showed a decrease in 2009 there has been a steady increase since then with the price currently at \$3.5664 per gallon. Although this is slightly less than the peak in 2008 it is still much higher than the prices prior to 2008 or since the low in February of 2009.

Asphalt prices also continue to show major increases. The information and chart included show that asphalt prices are currently \$410 to \$520 per ton. This data shows that asphalt is also showing an ongoing steady increase. As with the fuel prices ITD saw a small decrease in 2009 but is now seeing prices going up.

Because of these increases in material costs prime contractors see half the cost of a project tied directly to material prices. In addition prime contractors are required to perform a minimum of 50% of the project work. When factoring these issues into the work of a project it shows that there are very few work items left that could be sub-contracted out.

Regarding the APG for FTA, ITD reviewed data on the type of work to be performed with the funds being received and identified a lack of DBE firms to perform that work. Even past participation data (see chart below) shows that there are limited DBE firms available to perform in the contracts funded with FTA funds. The only DBE participation obtained in the past was for facilitation work and a small sub-contract for the collection of limited data. To date those projects are either completed or scheduled to be completed in FFY11.

In addition, ITD determined, based on future funding from FTA, that there are no DBE firms who provide the type of work to be done during the next three years. Therefore ITD determined that a step 2 adjustment to the 10.5% base figure is necessary to lower the overall annual ITD goal for FTA to 0%. This is based on the fact that funding that will be received over the next three years will be for buses and operations for transit systems for which there are no Idaho certified DBE firms available. ITD will monitor the funding from FTA and any new DBE firms coming into the Idaho program to determine if during the three year time frame any adjustments are needed.

ITD determined the APG for federally funded FAA projects based on the type of work for each project, the availability of DBE firms for the work, and past participation. Over the next 3 years FAA funding will be used for Pavement Maintenance Management (pavement inspections) and for the development of the State Capital Improvement Program. Based on the work under these projects ITD determined that there were no DBE firms currently certified in Idaho's program that have the ability or capacity to perform the work required. Therefore ITD determined that a step 2 adjustment to the 10.5% base figure is necessary to lower the overall annual ITD goal for FAA to 0%. ITD will, for FAA as with FTA and FHWA, monitor the funding being received and any new DBE firms coming into the Idaho program to determine if during the three year time frame any adjustments are needed.

Given all of the information available, ITD has determined that a step 2 adjustment to the 10.5% base figure is necessary to lower the current overall 10.5% annual ITD goal for FHWA to 6%. Although some of the information summarized in Section III of the Disparity Study would suggest an upward adjustment to the base figure, the challenges for ITD to encourage minority- and women-owned firms to apply for DBE-certification, and the demonstrated past participation of DBEs in ITD contracts, indicate that an upward adjustment is not appropriate. In addition the following issues were considered as factors when considering a downward adjustment:

1. The disparity study availability analysis showed one-half of the minority and women owned firms identified were not currently DBE certified. These firms were included in the goal calculations due to the fact that they could potentially be certified.
2. There have been no large DBE construction companies coming into the program.
3. Lack of DBE firms large enough to compete on the larger projects based on their gross receipts.
4. Small percentage of DBE firms with the capability to bid as a prime, due to size, lack of staff, available bonding, cash flow plus other barriers.
5. Increased costs in fuel and asphalt creating a major impact to the material costs of ITD projects. Data shows projects where half the cost is in materials. This combined with the requirements for the prime's performance percentages has created major impact.
6. Changes in current and future projects from new builds/re-builds to maintenance/rehabilitation projects as stated in the current ITD STIP covering 2010 through 2014 (accessed at <http://itd.idaho.gov/planning/stip/>)

Means ITD will use to Meet the Overall Annual DBE Goal (49 CFR 26.51) 49 CFR Part 26.45 (f)(3) directs ITD, “You must also include your projection of the portions of the overall goal you expect to meet through race-neutral and race-conscious measures, respectively.”

As outlined in CFR 26.51(a), ITD must meet the maximum feasible portion of its overall goal by using race-neutral means of facilitating DBE participation.

Disparities in the utilization of minority- and women-owned firms. In general, the BBC Disparity Study found that minority- and women-owned firms received a relatively large share of subcontract dollars on construction contracts whether or not DBE goals were in place. However, most of the subcontract volume went to white women-owned firms. There were disparities between actual utilization of minority-owned firms and what would be expected given MBE availability for these subcontracts.

For engineering-related subcontracts, utilization of minority- and women-owned firms was substantially below availability for these subcontracts.

BBC identified the largest disparities for construction and engineering prime contracts, even when just examining smaller contracts. The past DBE contract goals program focused on opening opportunities for subcontractors, not prime contractors. These results are summarized in Section IX of the Disparity Study and discussed in detail in Sections IV through VIII.

Appropriate measures to respond to the identified disparities. Section IX of the Disparity Study includes detailed recommendations for implementation of neutral measures addressing the above disparities. In particular, ITD assistance is needed to build capabilities and reduce barriers for minority- and women-owned firms seeking ITD prime contracts. The study suggests that ITD has the opportunity to divide prime contracts into sizes that are open to bidding by smaller firms. ITD can also consider requiring certain portions of construction and engineering contracts to be subcontracted, thereby

increasing opportunities for minority- and women-owned subcontractors. These are only some of the neutral opportunities available to ITD to increase participation of DBEs in transportation contracts.

Summary. An overall recommendation from the Disparity Study was for ITD to further invest in technical assistance and other neutral measures and evaluate their success before considering whether any race- or gender-conscious measures are needed. From Disparity Study Section IX, Page 8:

Reintroduction of the DBE contract goals program is not recommended at this time because other strategies appear to better address the disadvantages facing minority- and women-owned firms in the Idaho transportation contracting industry. This should not imply an end to ITD’s efforts to build a successful minority and female contracting community. It does mean a new direction for ITD’s implementation of the Federal DBE Program that will require time and resources to be successful.

ITD continues to conduct ongoing monitoring and reporting of the DBE amounts and percentages for “Awards/Commitments” and “Actual Payments” or participation. ITD examines all DBE participation data and takes steps to make sure that data is complete. The following 3 charts reflect this data for funds obtained through FTA, FAA and FHWA.

Contracts Awarded and Participation Obtained with FTA Funds						
Fiscal Year	Awards/Commitments			Payments (Participation)		
	1st Half (Reported)	2nd Half	Total Year (Reported)	1st Half (Reported)	2nd Half	Total Year (Reported)
2009						
Total Contracts	\$30,000	\$672,524	972,524	-0-	-0-	-0-
Total to DBE Firms	\$30,000	\$61,891	91,891	-0-	-0-	-0-
DBE Percentages	100%	9.20	9.44	-0-	-0-	-0-
2010	1st Half (Reported)	2nd Half	Total Year (Reported)	1st Half (Reported)	2nd Half	Total Year (Reported)
Total Contracts	700,000	-0-	700,000	610,633	-0-	610,633
Total to DBE Firms	-0-	-0-	-0-	-0-	-0-	-0-
DBE Percentages	-0-	-0-	-0-	-0-	-0-	-0-
2011	1st Half (Reported)	2nd Half	-0-	1st Half (Reported)	2nd Half	Total Year (Reported)
Total Contracts	-0-	NA	NA	30,000	NA	NA
Total to DBE Firms	-0-	NA	NA	30,000	NA	NA
DBE Percentages	-0-	NA	NA	100%	NA	NA

The chart above reflects data for projects between FFY09 and FFY11, funded through FTA. The data can be misleading due to the contracts being for multiple years. Of the projects committed in FFY09 three were closed in FFY10 with no DBE participation. The remaining open contracts will be completed between federal fiscal year FFY11 and FFY12 and DBE participation will be reported to FTA at that time. It is anticipated that this participation will reflect the 9.44% Awards/Commitments identified in FFY09.

There was one project awarded in FFY10 that will go until FFY15; to date on that project the prime has paid \$165,000 to a DBE firm. However, this again will be reported to FTA once the project is completed

in FFY15. Based on this data ITD anticipates a high percentage or 9.44% DBE participation for FFY11. However, as stated above after these projects are completed there will be no upcoming projects that will allow for any DBE work and therefore ITD has determined and proposed a 0% APG.

Contracts Awarded and Participation Obtained with FAA Funds						
Fiscal Year	Awards/Commitments			Payments (Participation)		
	1st Half (Reported)	2nd Half	Total Year (Reported)	1st Half (Reported)	2nd Half	Total Year (Reported)
2008						
Total Contracts	\$867,519	\$284,224	\$1,151,743	-0-	\$63,941	\$63,941
Total to DBE Firms	\$30,940	-0-	\$30,940	-0-	-0-	-0-
DBE Percentages	3.56%	-0-	2.68%	-0-	-0-	-0-
2009	1st Half (Reported)	2nd Half	Total Year (Reported)	1st Half (Reported)	2nd Half	Total Year (Reported)
Total Contracts	\$236,989	-0-	\$236,989	-0-	-0-	-0-
Total to DBE Firms	\$2,700	-0-	\$2,700	-0-	-0-	-0-
DBE Percentages	1.13%	-0-	1.13%	-0-	-0-	-0-
2010	1st Half (Reported)	2nd Half	Total Year (Reported)	1st Half (Reported)	2nd Half	Total Year (Reported)
Total Contracts	-0-	-0-	-0-	-0-	-0-	-0-
Total to DBE Firms	-0-	-0-	-0-	-0-	-0-	-0-
DBE Percentages	-0-	-0-	-0-	-0-	-0-	-0-
2011	1st Half (Reported)	2nd Half	Total Year (Reported)	1st Half (Reported)	2nd Half	Total Year (Reported)
Total Contracts	-0-	NA	NA	\$352,549	NA	NA
Total to DBE Firms	-0-	NA	NA	\$20,652	NA	NA
DBE Percentages	-0-	NA	NA	5.85%	NA	NA

For awards and participation on FAA funded projects the chart above reflects data between FFY08 and FFY11. This chart shows that funding can be awarded and then no participation reported for years. This is partial based on the fact that Idaho receives limited funding from FAA and then the projects can continue over multiple years. The current open projects are scheduled to be completed in 2011 so any DBE participation currently being obtained will be reported at the end of FFY11. The participation on the above chart reflects DBE participation on construction projects and the preparation of a new State System Plan. These work types have a greater potential for DBE participation than the work we anticipate during the next three years. Additionally, the participation currently shown in 2011 is for work that was accomplished in 2008 and 2009.

ITD again stresses that the projects to be funded with funds received from FAA over the next three years will not include opportunities for DBEs based on the current DBE firms certified in Idaho's program. The ITD External EEO office in coordination with the ITD Aeronautics will monitor the work opportunities and any new DBE firms or expansions of current firms to determine if the proposed 0% APG will need to be adjusted.

Contracts Awarded and Participation Obtained with FHWA Funds

Fiscal Year	Awards/Commitments			Payments (Participation)		
	1 st Half (Reported)	2 nd Half	Total Year (Reported)	1 st Half (Reported)	2 nd Half	Total Year (Reported)
2008						
Total Contracts	\$48,932,139	\$228,126,286	\$276,995,389	\$61,475,701	\$112,197,785	\$173,673,486
Total to DBE Firms	\$2,811,392	\$6,874,908	\$9,686,301	\$2,702,053	\$3,805,065	\$6,507,118
DBE Percentages	5.74%	3.01%	3.49%	4.39%	3.39%	3.74%
2009						
Total Contracts	\$147,441,522	\$195,486,587	\$342,272,571	\$112,295,879	\$76,339,761	\$188,635,640
Total to DBE Firms	\$5,292,609	\$7,367,880	\$12,648,043	\$6,630,755	\$2,505,495	\$9,061,973
DBE Percentages	3.58%	3.76%	3.69%	5.90%	3.28%	4.80%
2010						
Total Contracts	\$11,073,624	229,423,671	240,497,295	\$2,579,628	97,398,644	99,978,272
Total to DBE Firms	\$416,649	13,307,448	13,724,097	\$158,000	5,270,796	5,428,796
DBE Percentages	3.76%	4.70	5.70	6.12%	5.41	5.43
2011						
Total Contracts	94,341,589	NA	NA	95,626,036	NA	NA
Total to DBE Firms	4,697,912	NA	NA	6,470,279	NA	NA
DBE Percentages	4.97	NA	NA	6.76	NA	NA

When reviewing data in the chart above ITD is looking at the percentages obtained on projects funded with FHWA funds on a six month basis, for the first half and then the second half of each federal fiscal year. ITD points out that the participation data shows a steady increase each year. This reinforces ITD's determination and request that the 6% goal be met through neutral means.

ITD stresses that although the figures in all three charts above are monitored on an ongoing basis they do not necessarily reflect the amounts of participation that will be obtained. This is especially true in the award/commitment figures where sub-contract information is being added on an ongoing basis to all open projects. Whereas in the same time period, participation data remains the same due to information only reported on closed out projects. When analyzing the two to determine an estimate for reaching the overall goals, the commitment data can change, which could impact the estimated participation amount anticipated.

Even with the participation percentages falling below the ITD goal in the past, it has been determined that DBE participation should continue to be pursued through a neutral program for all transportation modes as recommended by the ITD Disparity Study. This decision is based on the fact that the data shows in the charts above the following: 1.) DBE participation currently for FFY11 shows participation for FAA projects at 5.85%, for work accomplished in 2008 and 2009. 2.) Data shows that the FTA will

exceed the 6% proposed for FFY2011 based on the Awards/Commitments from FFY09 and the participation that is currently showing for FFY11. 3) The participation for projects funded with FHWA funds show a steady increase each year and is currently at 6.76% for FFY11 which is above the proposed 6% submitted in FFY2010. This is another factor why as stated above ITD is requesting that the current APG for FHWA-funded projects be reduced to the 6%.

ITD also included in this determination information obtained from outreach meetings, focus group meetings and the fact that ITD has documented that the DBE companies who take advantage of the neutral services still obtain work on ITD projects. Those DBE companies who decline the neutral services are still seeing a reduction in work, but based on the outreach data this reduction again appears to be due to the economy and the fact that there is less work, not a lack of project goals.

ITD has again factored in the increases in material costs and the change in the types of ITD projects from new construction to maintenance. These issues play a major role in ITD's determination to continue with a neutral program. In addition, the economy and the fact that many of the DBE firms in Idaho do not have the capability to bid as a prime are factors for the proposed neutral program.

ITD looked at the past "Awards/Commitments" and "Actual Payments" or participation by construction contracts versus consultant agreements. The following chart shows this breakdown.

Awards/Commitments						
	Construction Contracts			Consultant Agreements		
	Primes	Subs	Total	Primes	Subs	Total
FFY08	0.64%	15.04%	3.31%	5.56%	15.50%	6.94%
FFY09	0.09%	14.32%	3.72%	2.12%	8.46%	3.30%
FFY10	1.02%	21.48%	4.96%	0.74%	8.58%	1.93%
Payments (Participation)						
	Construction Contracts			Consultant Agreements		
	Conscious	Neutral	Total	Conscious	Neutral	Total
FFY08	2.33%	9.78%	4.52%	-0-	0.68%	0.68%
FFY09	6.20%	5.17%	5.45%	-0-	0.50%	0.50%
FFY10	5.78%	6.97%	6.30%	-0-	3.71%	3.71%

It was determined by ITD that this information reinforces the decision to continue a neutral program. This data shows that the bulk of participation is from DBE firms with construction contracts. The minimal number of DBE consultant firms that can bid as a prime and the fact that there is not always an opportunity for sub-consultants on ITD agreements due to the number of work items to be performed is reflected in the small percentages shown. Based on this and the information above ITD determined that to reinstate project goals would require goals on consultant agreements since the bulk of participation being obtained is through construction projects. This was considered to be unrealistic since there is limited opportunity for DBE requirements on ITD consultant agreements. This is especially true with the changes in the work being performed.

Face-to-Face Consultation with Stakeholders and Focus Groups and Other Outreach Input was received from various outreach meetings that were conducted as a part of the ITD 2012 DBE goal setting process. This outreach includes meetings with minority, women's and general contractor groups, community organizations, and other officials or organizations which could be expected to have information concerning the availability of disadvantaged and non-disadvantaged businesses. The information obtained addresses the effects of discrimination on opportunities for DBEs, and ITD's efforts to establish a level playing field for the participation of DBEs. These meetings took place prior to the establishment and submittal of the proposed overall APG to the USDOT Modes. These meetings

allowed ITD to conduct one-on-one consultation statewide and to retrieve more in-depth information on the above topics with several stakeholder and minority advocacy groups. These groups included:

- ❖ Small Business Development Center, Boise
- ❖ International Union of Operators Local 370
- ❖ Small Business Development Center, Idaho Falls
- ❖ DBE Summit Meeting, Idaho Falls (12 companies)
- ❖ Idaho Department of Commerce Procurement Technical Assistance Center (PTAC)
- ❖ Community Council of Idaho, Caldwell (formerly Idaho Migrant Council)
- ❖ DBE Summit Meeting, Boise (23 companies)
- ❖ DBE Summit Meeting, Coeur d'Alene (14 companies)
- ❖ Inland Northwest AGC
- ❖ Coeur d'Alene Tribal Employment Rights Office (TERO)
- ❖ Northwest TTAP, Tribal Transportation Training & Technical Assistance
- ❖ Southern Idaho Development Center, College of Southern Idaho

Additional focus groups with non-DBE and DBE firms were also scheduled in Boise, Northern Idaho and Eastern Idaho. Participants for the focus group meetings were identified through a random selection from the ITD Bidders List and DBE Directory. ITD solicited 27 to 46 companies for each scheduled meeting however; the turnout for these meetings was minimal averaging only 1 to 6 companies in attendance.

The findings, recommendations and general observations that emerged from these meetings and focus groups further reinforced the conclusions presented in the Disparity Study. (A more detailed summary of information obtained is attached.)

The ITD DBE Supportive Services office also obtained information from Needs Assessment Surveys that were sent to all Idaho certified DBE firms in 2011. The survey received a response rate of 20.32%. Of these responses 21% stated that they had successfully bid as a prime; 52% stated they had successfully bid as a sub on federal-aid highway projects; and 69% stated they use the DBE supportive services. However, these percentages are based only on 20.32% of the DBE firms certified in Idaho.

The report developed from the survey (copy attached) further identified barriers being encountered and that the barriers are neutral in nature, such as unfamiliarity with ITD contract processes; a lack of marketing or networking skills and insufficient business and project management skills. Also cited were difficulties getting bonding/financing or sufficient cash flow. ITD determined that the information obtained through these surveys reinforced the input received through the outreach meetings and focus groups. The following is a summary of some of the main issues identified in the survey.

1. What do you feel are the biggest obstacles to your bidding as a prime contractor or consultant?
 - a. Bonding and licensing for small firms
 - b. Knowing about projects and process for bidding
 - c. Competing against bigger, well-known firms with more experience

2. What do you feel is the single biggest barrier to your participation as a prime on federally-funded highway-related projects?
 - a. Money and lack of cash flow
 - b. Size – hard to be competitive when small
 - c. Cost of getting overhead rates reviewed

3. What do you feel is the single biggest barrier to your participation as a prime on federally-funded highway-related projects?
 - a. Lack of interest by large primes
 - b. Bonding
 - c. Primes doing work in-house (stated by construction and consultant firms)
 - d. Competition with larger sub-contractors

4. When bidding or working on federally-funded highway contracts do you feel your DBE Certification helps?
 - a. It's 50/50 some contractors use our bid but others don't even ask.
 - b. Makes no difference on bid day with no project goals
 - c. On some projects it is a big help other it makes no difference.
 - d. DBE contractors have to be the low bidder regardless of certification which is the way it probably should be.

Additional input was feedback regarding the DBE/SS services currently being provided. As stated above, overall the input from this survey reinforces the data collected through outreach meetings and focus groups.

ITD will continue efforts to build the capabilities of DBEs through targeted assistance. In addition to these steps, ITD will continue to monitor DBE participation on current and future ITD projects and make adjustments as necessary.

Section IX of the Disparity Study provides detailed recommendations for continued and new neutral program elements. ITD developed an Advisory Committee made up of subject matter experts from ITD, members of the DBE community and several prime contractors/consultants to review these recommendations and determine which would most benefit ITD's DBE Program. The following are the recommendations that the committee members felt had the most potential for assisting emerging DBE businesses, would have a positive impact on the contracting community, and would not conflict with existing Idaho state law. ITD has included the actions taken for each of the recommendations.

1. **Individual project goals will not be reintroduced at this time.** ITD has continued to operate a neutral DBE Program

2. **Closer monitoring of both DBE and MBE/WBE utilization on federal and state contracts.** The DBE tracking database allows ITD to look at individual projects or all open projects for this monitoring.

3. **Increase efforts to build capacities of WBE and MBE firms.** (See supportive services list below)

4. **Enhance supportive services to help build business management skills.** (See supportive services list below)

5. **Provide specialized assistance to Native American-owned firms.** The ITD DBE Supportive Services Office with the coordination of the TERO Offices continues to provide assistance to Native American-owned firms in the DBE certification process. In addition, many the DBE/SS services such as training and outreach are made available to Native American-owned firms regardless of certification. Also, the DBE/SSC attended the Native American PTAC Conference this year and provided an informational booth.

6. **Increase the number of pre-bid conferences, advertise and encourage participation.** Pre-bid conferences will continue to be done by the districts when necessary. The DBE/SS office continues to notify and encourage DBE firms to attend.

7. **Assist DBE firms in developing Statement of Qualifications.** (See supportive services list below)
8. **Increase enforcement of prompt payment failures.** ITD continues to monitor and enforce the prompt payment requirement. The ITD EEO Contract Compliance Officer also continues to provide training to all ITD personnel responsible for monitoring this area.
9. **Track MBE/WBE utilization on large dollar contracts to ensure equal opportunity.** The DBE tracking database allows ITD to review individual projects to verify participation by DBE firms. This information is also reviewed during formal EEO compliance reviews by the ITD EEO Contract Compliance Officer.
10. **When possible, further unbundle large contracts.** Due to the changes in the type of work ITD has implemented this recommendation. Also the stimulus funding allowed for ITD to let smaller projects but ITD did not see many DBE firms taking advantage of these opportunities. BBC's recommendation to require that certain portions of construction and engineering contracts be subcontracted was not implemented due to state laws that do not allow mandatory subcontracting.
11. **Provide intensive technical assistance to support sub-contractors moving into prime contracting roles.** (See supportive services list below)
12. **Provide assistance to DBE firms in bidding as a joint venture prime.** This assistance has always been available; to date no firms have requested this service.
13. **Develop a mentor-protégé program based on existing federal regulations.** The ITD DBE Supportive Services continues to search for a program that would allow ITD to implement this recommendation.
14. **Develop systems to better identify and communicate engineering opportunities in advance.** The Statewide Transportation Improvement Plan (STIP) provides this information on the ITD Website for all companies. Therefore, this information was already available.
15. **Encourage team submissions in the RFP process.** This was already in process prior to the recommendation.
16. **Sponsor functions that will provide an arena for 'match-making' between construction subs and primes, and between consultants and ITD personnel.** (See supportive services list below)

Supportive Services List:

This list includes the principal capacity-building activities that have been pursued by ITD through the DBE Supportive Services:

1. **One-on-one assistance in bidding & estimating, contract provisions, project documentation and advanced business planning** - This assistance has been provided throughout the state to various DBE firms through three consultants.
2. **Procurement Assistance** – In addition to providing free ITD plans & specifications, DBE/SS forwards invitations to bid from prime contractors to DBE plan holders and publishes them to the ITD website, as well as post lists of DBE plan holders to the ITD website. All DBEs receive free copies of the "Idaho Transportation Department Standard Specifications for Highway Construction" upon request and assistance in interpreting specifications. In addition to promoting ITD procurement opportunities, DBE Supportive Services also researches and publishes lists of regional non-ITD procurement opportunities to DBE subscribing to the "Non-ITD Project" e-mailings. Specialized DBEs are individually alerted to projects in their specific areas of expertise.

3. **Marketing Assistance** - This service includes \$500 marketing grants, design and printing of statement of qualification/capability statement brochures and business cards, providing contact lists of ITD primary prime contractors and consultants, alerting DBEs to networking events like the biannual ITD Project Development Conference and annual Idaho Business Opportunity Conference, guidance on post-letting debriefings, and follow-up strategies, etc. DBEs are also encouraged to submit statements of qualification/capability statements to DBE Supportive Services so they may be hyperlinked to DBE company entries in the on-line DBE Directory (updated monthly).
4. **Statewide “Doing Business with the Government” workshops for DBEs and non-DBEs** - DBE Supportive Services coordinates and presents a multi-agency introduction to ITD contracting and consulting, becoming certified as a DBE, State of Idaho and direct-federal procurement practices and opportunities, as well as advice on marketing and tips on business resources. Participants receive a 350-page resource workbook developed and published by DBE Supportive Services. There were 308 participants statewide during FFY10 in 16 locations, and 270 participants in 17 locations in FFY11. These functions are also great networking opportunities.
5. **Building management capabilities through \$500 Training Grant** – The DBE/SS Coordinator researches training opportunities, both classroom and on-line, and then publicizes these trainings through bi-weekly statewide business training calendar e-mailings, as well as locally targeted e-mailings. Individualized training opportunities are also researched for DBEs as training needs become apparent.
6. **“Red Flag Contract Provisions” and “Protect Yourself Through Project Documentation.” workshops for DBEs** – These training were held at the Boise Chapter of the Associated General Contractors; slots were given to non-DBEs to increase networking opportunities. There were 26 and 19 attendees, respectively.
7. **Reimbursement for isquarefoot or other on-line plan room memberships** – DBEs can request up to \$1,500 in reimbursement for this service. This benefit has proved to be exceptionally popular with DBEs; 31 took advantage of it in FFY10.
8. **Monthly DBE Newsletters** – DBE/SS publishes a monthly DBE Newsletter which includes articles on business management practices, resources, contract management and procurement practices, and other relevant news, to approximately 1,000 hard-copy (mailed) and electronic subscribers. A 12-month newsletter archive is also posted on the External EEO Website.

As stated above ITD sees a low percentage of DBE firms using the neutral services provided through the DBE Supportive Services office which is a major factor in continuing with a neutral program. This is especially true due to the fact that with the current economy the DBE companies that are obtaining contracts are doing so based on low bid. Many of these companies have taken advantage of the services currently being provided through the DBE/SS office in order to be able to compete. If project goals were brought back the DBE firms who have not taken advantage of the current DBE services would still not be able to compete with the low bidders.

The ITD DBE/SS office has continued to provide services to address issues including Business Management Assistance, Procurement Assistance, and Contract Management Assistance. These services have been provided through one-on-one assistance either by DBE/SS or contracted consultants. Also, ITD DBE/SS has continued to offer marketing and training grants and has consultants to provide one-on-one assistance in bidding and estimating, project documentation, contract language, advanced business planning, etc. These plus other actions identified below and outlined in the ITD DBE/SS Accomplishment Report show the aggressive neutral program that ITD has implemented based on the recommendations of the ITD Disparity Study.

As stated in the 2010 ITD Accomplishment Report, of the certified DBE firms there were 44 that requested the \$750 training grants and 59 who requested and received the \$750 marketing grants. This was double to what was requested in 2009. The One-On-One Bidding and Estimating Assistance service was used by only three firms, down from the 14 firms in 2009. However, the Project Documentation/Contract Clause Assistance was up from 2 in 2009 to 8 firms taking advantage of this service in 2010. The DBE/SS Coordinator also provided the service of writing, designing and publishing full-color Statements of Qualifications; this was used by 2 DBE firms. ITD determined that these increases in the use of the DBE/SS services reinforced the decision to continue with a more aggressive neutral program.

As stated above the ITD DBE/SS office has continued with the more aggressive outreach that was started in 2009 to potential DBE firms. Outreach is done with the Small Business Administration, the Idaho Procurement Technical Assistance Center (PTAC), and various other federal agencies such as the US Forest Service, Mountain Home Air Force Base, Army Corps of Engineers, and the US Veterans Affairs Office. Currently for FFY11 outreach meetings have been conducted in 15 locations with an attendance of approximately 270 people. In addition to this outreach the DBE/SSC has staffed vendor tables at the Native American PTAC Conference and the Idaho Business Opportunity Conference. The DBE/SSC has also co-hosted a free USDOL Wage & Hour workshop with the Small Business Administration where there were 111 participants. Finally, she was an exhibitor and panel participant at the Veterans Opportunity Conference.

ITD looked at the increases and decreases of gross receipts, over a three year average (2006 - 2009), for all DBE firms currently certified in Idaho. This data showed during this time that 39.27% of the DBE firms had a positive increase in their gross receipts with 47.64% of the DBE firms experiencing a decrease. This left 13.09% of the DBE firms, some of which were new start-ups, who showed no change in their gross receipts. This data showed that almost 40% of the DBE firms are increasing their gross receipts while ITD has operated a neutral program.

Therefore, as stated above ITD request that the FFY 2012 annual DBE goal for the Federal Highway Administration be met solely through neutral measures. This request is being made based on the fact that the current neutral program is showing, although slow, an increase in the firms using the program. Also, the participation on the FHWA-funded projects is showing a slow but steady increase.

ITD has and will continue to monitor participation of minority- and women-owned firms in its contracts and collect qualitative information concerning marketplace conditions to gauge whether neutral efforts are addressing the disadvantages identified for DBEs in the Disparity Study. If neutral measures alone do not prove to be effective, ITD may request a change to its implementation of the Federal DBE Program. ITD believes that there exist factors outside of the DBE Program which reinstating project goals would not correct. These factors include the lack of projects due to the current economic downturn and DBE companies that do not work towards growing and improving their operations.

Submission and Publication of APG

ITD will submit the overall fiscal year APG to the FAA, FTA and FHWA Division Administrators by August 1 of each year. A Public Notice regarding the proposed APG will be published at the same time. The Public Notice will inform the public that the APG and a description of how it was selected are available for inspection during normal business hours at the ITD Headquarters Building, EEO Office, for 30 days from the date of the publication. ITD will accept comments on the APG for 45 days from the date of publication. The Notice will be published in the general-circulation media and available minority-focused media and trade association publications. ITD will summarize any comments received during the 45-day comment periods and will transmit a copy of this summary to FHWA.