



# I-70 East

**I-70 East DBE Project Goals**  
**CDOT Civil Rights and Business Resource Center**  
**November 10, 2015**

## **Background & Summary**

The Colorado Department of Transportation (CDOT) is currently developing a Request for Proposals (RFP) to deliver a series of improvements to the I-70 East corridor between Brighton Boulevard and Chambers Road using a Design-Build-Finance-Operate-Maintain (DBFOM) procurement model. As a result, CDOT intends to engage in a long term contractual relationship with a private partner (Developer) to deliver these improvements.

Pursuant to 49 CFR 26.45(3), with permission granted from the Federal Highway Administration (FHWA), CDOT is establishing two Disadvantaged Business Enterprise (DBE) project goals for the I-70 East Project Construction Subcontract (i.e. the design-build portion of the project). Establishing a design and a construction goal is a best practice promoted by FHWA. A third, separate DBE goal will be established for the Operate, Maintain and Repair Subcontract at the end of the Construction Subcontract. This goal will be reevaluated on three year intervals.

The project goals are considered overall goals and CDOT must adhere to the procedural and substantive requirements established by 49 CFR 26.45. The project goals are not a subset of CDOT's overall goal. Therefore, funds for the I-70 East Project have been removed from the calculation of CDOT's Federal Fiscal Years 2016-2018 overall goal.

As further described below, CDOT has proposed a Design/Professional Services goal of 11.64% (rounded to 11.6%) and a Construction goal of 12.51% (rounded to 12.5%). Comments on these goals are being accepted through November 24, 2015.

## **Step 1: Base Figure Calculation**

The first step in the goal setting process is to establish a base figure. To do so, CDOT used the calculation suggested in 26.45(c)(1) which includes:

- 1) Determining the number of ready, willing and able DBEs in the market from the DBE directory ([www.coloradodbe.org](http://www.coloradodbe.org)).
- 2) Using the Census Bureau's County Business Pattern (CBP) data base, determine the number of all ready, willing and able businesses available in the market that perform work in the same NAICS codes. ([www.census.gov/epcd/cbp/view/cbpview.html](http://www.census.gov/epcd/cbp/view/cbpview.html).)
- 3) Dividing the number of DBEs by the number of all businesses to derive a base figure for the relative availability of DBEs in the market.

Given the size of the project, CDOT initially began its analysis with a statewide market area. However, after listening to stakeholders and considering feedback provided through the Connect2DOT program, CDOT determined that very few firms are expected to travel from the southern and western portions of the state to participate in this project. Conversely, CDOT found through outreach and stakeholder feedback that limiting the market area to the Denver metro area would not capture many firms willing to participate. Therefore, CDOT determined that the correct market area for a base figure calculation was a two hour radius from Denver. The towns of Fort Collins, Breckenridge and Fort Morgan have been omitted from the calculation because a significant presence of small local businesses in each area created anomalies in the data.

To get a more accurate base figure for each goal, CDOT separated the expected work of the project into industry codes as shown in the “weight” column in Tables 1 and 2. While CDOT’s team sought to create a fair estimate of the work to be performed, these tables represent only a rough estimate of the areas of available work on the project. Areas nominal to the calculation are not included even though they may present opportunities for small businesses.

Once the weight was determined, CDOT then calculated the weighted relative availability for each industry code. As with the overall goal calculation, DBE firms were assigned a primary NAICS code. The number of DBE firms in a particular NAICS code was then divided by the number of all available firms in the same code as provided by the Census. This number (i.e. the relative availability) was then multiplied by the weight to create the base number.

Table 1: Calculation of Construction Availability

NAICS Code	All Available Firms	Certified DBE Firms	Relative Availability	Weight	Base
212321	132	0	0.00%	0.38%	0.00000
237110	160	8	5.00%	15.58%	0.00779
237310	123	24	19.51%	34.90%	0.06809
237990	41	8	19.51%	3.08%	0.00601
238120	74	15	20.27%	11.92%	0.02416
238210	1131	39	3.45%	5.02%	0.00173
238320	548	11	2.01%	1.44%	0.00029
238910	385	15	3.90%	4.76%	0.00186
238990	388	38	9.79%	0.60%	0.00058
324121	128	0	0.00%	1.42%	0.00000
327320	64	1	1.56%	1.42%	0.00022
484220	313	61	19.49%	1.33%	0.00259
541370	145	5	3.45%	1.02%	0.00035
541380	118	7	5.93%	2.22%	0.00132
541620	326	22	6.75%	1.58%	0.00106
541690	542	7	1.29%	0.51%	0.00007
541910	235	36	15.32%	1.02%	0.00156
561730	1258	27	2.15%	5.38%	0.00116
561990	186	20	10.75%	5.79%	0.00623
562991	42	0	0.00%	0.07%	0.00000
Misc				0.57%	0.00000
Totals	6207	344		100.00%	12.51%

Table 2: Calculation of Design/Professional Services Availability

NAICS Code	Census Firms	Certified DBE Firms	Relative Availability	Weight	Base
541330	1774	70	3.95%	91.80%	0.03622
541370	145	5	3.45%	4.44%	0.00153
541380	118	7	5.93%	0.95%	0.00057
541620	326	22	6.75%	2.80%	0.00189
Totals	2363	104		100.00%	4.02%

### Step 2: Adjustments to the Base Figure

The second step in the goal setting process is to evaluate relevant evidence of DBE availability for the project to determine whether an adjustment to the base figure is necessary. As further documented in CDOT's overall goal methodology (available at <https://www.codot.gov/business/civilrights/dbe/dbemain>), CDOT considered many sources of data during this project goal setting. They include:

- Past Participation on Construction Contracts
- CDOT Construction Bidders List
- Capacity Concerns Based Upon RAMP (<https://www.codot.gov/programs/RAMP>)
- CDOT Professional Services Prequalification List
- City and County of Denver Disparity Study

In the overall goal setting, CDOT determined that an adjustment to the construction availability was justified due to capacity concerns. However, CDOT has determined that the construction capacity adjustment is not justified for this project. Construction for the I-70 East project will not commence until 2017 and is expected to continue until approximately 2020. Therefore, while the market area may currently be experiencing a capacity crunch, it is expected that the DBE market will continue to grow to meet demands and that many firms currently performing on other large projects will have availability in the mid to later years of the project.

For CDOT's overall goal, CDOT also determined that an adjustment to professional services availability was justified due to prequalification data. For this project goal, CDOT believes the prequalification adjustment remains valid. The prequalification data, which shows approximately 19.25% DBE availability is necessary to balance the census data for engineering services which includes many non-transportation related firms. Therefore, the I-70 East professional services calculation has been recalculated as an average of these two numbers:  $(4.02 + 19.25)/2 = 11.64\%$ .

### Step 3: Goal Breakdown

In accordance with the goal setting requirements, CDOT must estimate annual DBE goals for the project. These numbers are estimates only and are not binding upon the Developer. Scheduling and estimated participation for each annual period will be further defined during the procurement process.

In order to calculate estimated goals, CDOT estimated the amount of construction work and design/professional services work to be performed in each year. CDOT then multiplied the estimated

work times the DBE goals to get the overall percentage of DBE participation. The estimated annual goals are as follows: Year 1: 12.21%; Year 2: 12.39%; Year 3: 12.49%; and Year 4: 12.49%.

As required by 49 CFR Part 26, CDOT also considered whether a portion of this goal should be established as race-neutral. While CDOT expects the Developer to engage in race-neutral efforts that will be further described in the procurement documents, and there is an established 3% Emerging Small Business Goal for the project, because this is a project goal, it is inherently race-conscious. Therefore, the DBE project goals are 100% race-conscious.

### **Public Comment Process**

CDOT began the I-70 East project goal setting process concurrently with its Federal Fiscal Year 2016-2018 overall goal setting. As part of the process, CDOT presented at the following meetings:

- Colorado Contractors Association, Transportation Policy Meeting (May 2015)
- American Council of Engineering Companies, Transportation Committee Meeting (May 2015)
- Hispanic Contractors of Colorado, Transportation Committee Meeting (May 2015)
- City and County of Denver, Construction Empowerment Initiative Meeting (May 2015)
- Colorado Asphalt Pavement Association, Member Meeting (May 2015)

Additionally, CDOT hosted a stakeholder meeting in May 2015 to obtain feedback on the goals. The following representative groups attended: Colorado Contractors Association, Connect2DOT, Black Construction Group, Hispanic Contractors of Colorado, Regional Transportation District DBE Advisory Committee, and the Conference of Minority Transportation Officials. CDOT also held a roundtable for small businesses on November 5, 2015, which included a discussion of the DBE project goals.

This document will be published from November 10, 2015 – November 24, 2015 to obtain feedback on the I-70 East DBE project goals. All comments from non-team members can be sent to [Katherine.williams@state.co.us](mailto:Katherine.williams@state.co.us). Comments from Developer teams pursuing the I-70 East project should be submitted as formal comments in accordance with the requirements of the procurement documents.

### **More Information**

I-70 East Project: <https://www.codot.gov/projects/i70east>

I-70 East RFP Process: <https://www.codot.gov/programs/high-performance-transportation-enterprise-hpte/projects/i-70/i-70-east-1>

Civil Rights and Business Resource Center: <https://www.codot.gov/business/civilrights>