



DISADVANTAGED BUSINESS ENTERPRISE (DBE)

FERRY VESSEL CONSTRUCTION PROJECT

FY 2023 PROJECT GOAL

Contact:

Sharon Challenger | Civil Rights Program Manager
(340) 773.1290 ext. 2272
sharon.challenger@dpw.vi.gov dpw.vi.gov

INTRODUCTION

Pursuant to regulations found at 49 CFR § 26.45 and as requested by the Federal Transit Administration (FTA) the VI Department of Public Works (VIDPW) is establishing a Disadvantaged Business Enterprise (DBE) project goal for Ferry Construction. VIDPW intends to acquire a ferry partially funded with FTA funds in the amount of **\$6,800,000**.

VIDPW proposes a DBE project goal of **1.69%**. This Project DBE goal represents **1.69% Race Neutral** for the construction of the ferry project.

VIDPW intends to advertise an RFP for the construction of a passenger-only ferry vessel with a capacity of approximately 300 passengers. As a result of the new FTA regulations for DBE programs in effect November 2014, new ferry construction projects fall under FTA's transit vehicle manufacturer (TVM), limiting bidders to FTA-certified TVMs.

OVERVIEW OF THE GOAL SETTING PROCESS

The regulations at 49 CFR 26.45 prescribes how DPW calculates the proposed goal. In addition, DPW adheres to USDOT guidance in its [*Tips for Goal Setting in the Disadvantaged Business Enterprise \(DBE\) Program*](#), as well as key US Supreme Court decisions that frame constitutional requirements for minority business contracting programs.

The DBE Project goal must reflect the level of DBE participation expected absent the effect of discrimination. In the first step of calculating the goal, DPW establishes a base figure for the relative availability of DBEs and non-DBEs in the relevant market area; describing the evidence with which the availability was calculated.

METHODOLOGY

DBE goals are based on demonstrable evidence of the availability of ready, willing, and able DBEs relative to all Ferry Construction firms ready, willing, and able to participate on USDOT-assisted contracts in the relevant market area. Therefore, after examining all available options, DPW determined that the following sources provided the most accurate and reliable information: The USVI UCP DBE Directory, Internal discussions with the DPW Engineers, the VI Department of Licensing and Consumer Affairs business database.

The following describes the goal methodology used to determine this Project DBE Goal:

STEP 1: Determination of Relative Availability of DBE Contractors (§ 26.45(c)d)

Determination of the Geographic Market Area

The first step in determining the relative availability of DBE Contractors is to identify VIDPW's market area. Consistent with USDOT regulations and guidance for setting a narrowly tailored goal, DPW must define its geographic market area.

The Local Market Area is based on two factors:

- where the majority of all firms – DBE contractors/subcontractors and the non-DBE contractors/subcontractors – are located with whom the VIDPW does business,
- where the majority of the contracting dollars are spent by VIDPW on FTA assisted projects

For purposes of this methodology, the U.S. Virgin Islands is the location where the majority of firms with VIDPW does business, and where the majority of contracting dollars are spent.

Determination of Step One Base Line Figure

To establish the DBE goal, DPW reviewed its DBE directory, identifying certified firms ready, willing, and able to perform ferry construction items. It then filtered business information provided by the Department of Licensing & Consumer Affairs to identify all businesses licensed in USVI to perform work items on ferry building projects. The following table shows the results of DPW's research and the relevant availability of firms in the primary DPW ferry construction contracting categories.

In order to ensure the most accurate goal possible, the availability data from the sources above was broken out into the NAICS codes anticipated to be involved in this Project as set out in **Table 1** below.

Table 1: Base figure – DBE firms Relative to All Firms

NAICS Code	NAICS Description	Number of DBEs available to perform this work	Number of all firms available (including DBEs)	Relative Availability of DBEs
238210	Electrical Contractors	9	24	0.3750
238220	Plumbing Contractors	3	15	0.2000
238250	Carpentry Contractors	2	100	0.0200
238320	Painting Contractors	21	104	0.2019
336611	Ferry Construction	0	3	0.0000
541330	Engineering Services	4	97	0.0412
Overall Base Figure		39	343	.1137

The Base Figure of DBEs is calculated by dividing all firms by DBE firms:

$$\frac{\text{Ready, Willing, Able DBE Firms}}{\text{All Ready, Willing Able Firms}} \Rightarrow \frac{39}{343} = .1137 = 11.37\% \text{ Base Figure}$$

Weighting

Though not a requirement, USDOT recommends the use of weighting when possible as a means of improving the accuracy of the base figure. VIDPW estimated the percentages of contract dollars likely to be spent for each industry classification by multiplying the relative availability by these projected expenditures. The table below shows relative availability and weighting

The weighted base figure is calculated by multiplying projected expenditures by the relative availability of DBEs:

Table 2: Weighted Base Figure

NAICS Code	Project	Weight	x	Availability	Weighted Base Figure
238210	Electrical Contractors	0.03983	x	0.37500	0.0149
238220	Plumbing Contractors	0.02917	x	0.20000	0.0058
238250	Carpentry Contractors	0.02383	x	0.02000	0.0005
238320	Painting Contractors	0.05500	x	0.20192	0.0111
336611	Ferry Building	0.81871	x	0.00000	0.0000
541330	Engineering Services	0.03333	x	0.04124	0.0014
				Total	0.0337
				Expressed as a % (*100)	3.37%

Projected Expenditures
by Ferry Building
Categories



Relative
Availability



.0337



3.37%

Weighted Base Figure

STEP 2: ADJUSTMENTS OF THE BASE FIGURE (§ 26.45(d))

The marine industry is highly specialized, and construction must comply with several regulatory agencies, including the United States Coast Guard (USCG) and the America Bureau of Shipping (ABS). Survey of the NAICS identified in this analysis requires firms performing work on vessel construction projects may need required training, knowledge, and expertise specific to the marine environment and regulations to perform the subcontracting work. An adjustment to the Weighted Base Figure would be made if there was sufficient reason to believe that the nature of the work would limit the number of available DBE firms capable of performing work in areas applicable to new Ferry Builds. Since the NAICS codes and the industries represented with possible DBE participation can typically work across a number of fields and specialties, and as subcontractors with guidance from a ferry builder, VIDPW has elected to not reduce DBE participation by adjusting and thereby reducing the weighted base figure.

The majority of the work for this project falls under NAICS code 336611, Ship Building and Repairing, is 82% of the project. No DBE firms were identified with an NAICS code 336611. Therefore, VIDPW

removed the available prime work from the adjusted DBE goal calculation, resulting in the same 3.37% proposed Weighted Base Figure. Table 3 below reflects that the Weighted Base Figure has not been adjusted based upon the expectations explained in the previous paragraph.

Table 3: Adjustment Weighted Base Figure – Step 2

NAICS Code	Project	Weight	x	Availability	Weighted Base Figure
238210	Electrical Contractors	0.03983	x	0.37500	0.0149
238220	Plumbing Contractors	0.02917	x	0.20000	0.0058
238250	Carpentry Contractors	0.02383	x	0.02000	0.0005
238320	Painting Contractors	0.05500	x	0.20192	0.0111
541330	Engineering Services	0.03333	x	0.04124	0.0014
				Total	0.0337
				Expressed as a % (*100)	3.37%

Calculation of the Adjusted Weighted Base Figure minus the NAICS Code 336611 'Ferry Construction' resulted in an adjusted DBE Project goal of **3.37%**.

A review of VIDPW project files shows that there has not been a Ferry Construction Project in scope and size over the past 10 years. Nor have we been able to identify a similar project in the Territory with any DBE availability.

Following FTA's guidelines for using past participation from the past 5 years to adjust the step one base figure, the table below shows the median DBE participation of the last five similar project 'Ferry Construction' and the calculation to adjust the step one base figure:

Base Figure	3.37%
2018 Ferry Construction Project	0.00%
2019 Ferry Construction Project	0.00%
2020 Ferry Construction Project	0.00%
2021 Ferry Construction Project	0.00%
2022 Ferry Construction Project	0.00%
Median Past DBE Participation	0.00%
Adjusted Base Figure 3.37% + 0% / 2 =	1.69%

Race Conscious versus Race Neutral Projection

The above analysis produced a 1.69% contract goal for this new ferry build construction project. Based on the \$6,800,000 of FTA funds allocated to this project, a 1.69% DBE project goal represents

\$114,920.00 in FTA funding that may be awarded to DBE subcontractors during this ferry construction project. DBE participation shall be sought on a race/gender neutral basis, in other words, 1.69% DBE participation with a 100% race neutral and 0% race conscious split.

1.69% - Race Neutral and 0.00% - Race Conscious

PUBLISHING THE GOAL AND COMMENT PERIOD

VIDPW will publish a notice of the goal on **10/18/2022**, soliciting comments, questions, and input following the date of notice to include the following:

1. Post the project information on VIDPW's website: <https://dpw.vi.gov>
2. Hold a webinar for the shipbuilding industry and DBE community to obtain input on VIDPW's project goal.
3. Make a copy of the methodology available to all DBEs in the UCP directory via VIDPW's website as well as to the Prime Contractors, and a consortium of contractors doing business in VI.

The comment period will expire on **11/02/2022**.