

Hawaii Department of Transportation DBE and ACDBE Availability and Disparity Study



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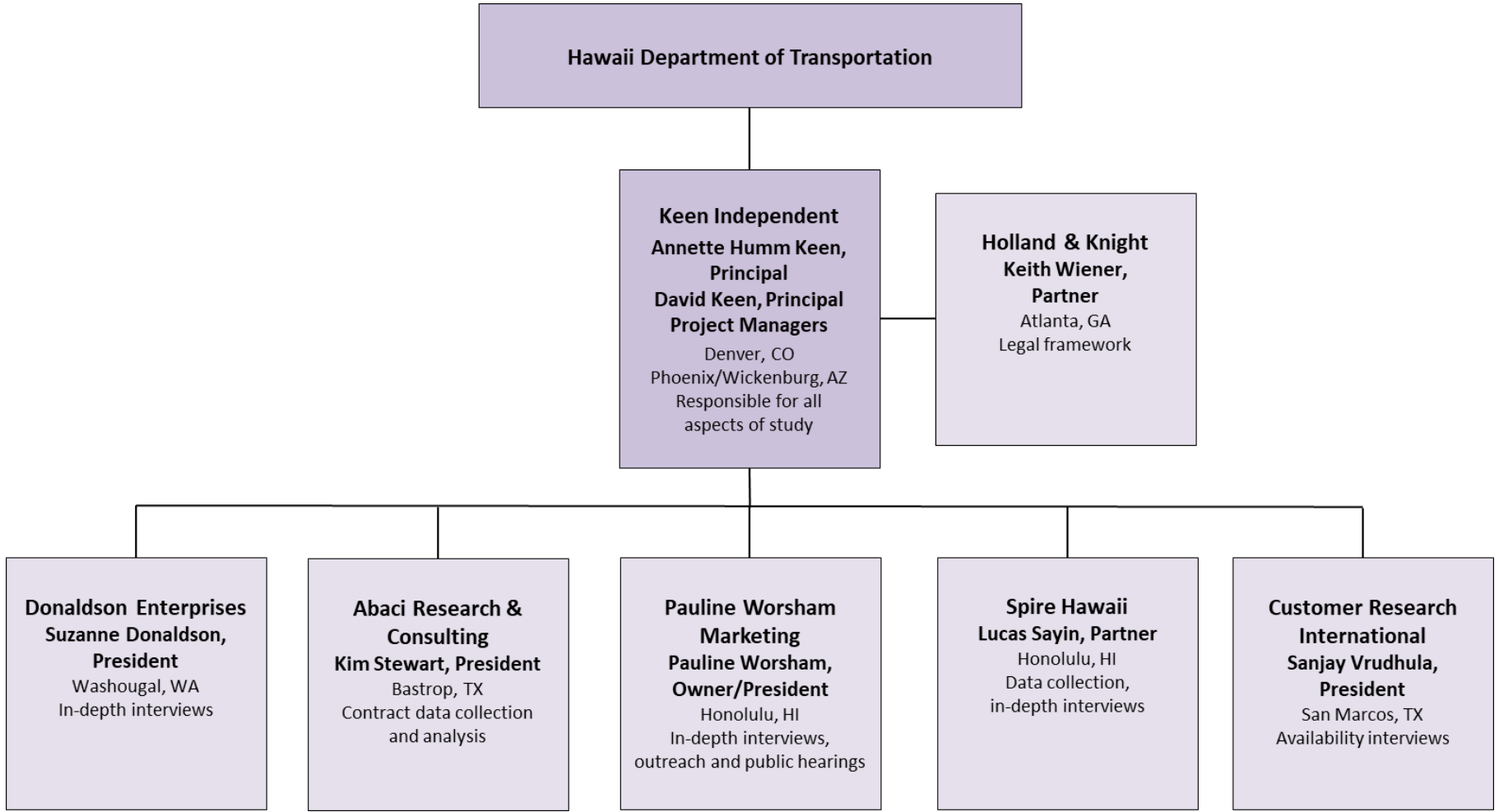
April 24, 2018
External Stakeholder Group
Kick-off Meeting



Objectives for External Stakeholder Group kick-off meeting

1. Introduce key study team members
2. Explain role as an External Stakeholder Group member
3. Review USDOT requirements for state DOT implementation of the Federal DBE Program and explain why a study is necessary
4. Define certain terms and concepts
5. Explain availability analysis and other key quantitative research
6. Describe in-depth interviews and other key qualitative research
7. Review schedule for the disparity study
8. Outline how we will interact with businesses and groups outside HDOT
9. Discuss immediate action items

1. Keen Independent study team



2. Role as an External Stakeholder Group member

- Perspective on marketplace conditions is valuable
- Insights on program components also very useful
- Can help provide input from and communicate study approach and results to interested groups
- Therefore, we ask that External Stakeholder Group members:
 - Serve as a sounding board as we perform the study
 - Provide your own perspectives about marketplace conditions, business assistance needs, contracting practices, components of the Federal DBE Program, etc.
 - Point us to information and provide help when needed
 - Distribute information to interested groups
 - Give your feedback as we present preliminary results
 - Be willing to meet with us about every three months

3. Why conduct a disparity study?

- HDOT must implement the Federal DBE Program, per 49 CFR Part 26
- Disparity study provides information to help HDOT:
 - Set overall goal for DBE participation on FHWA-, FAA- and FTA-funded contracts
 - Consider whether it can achieve overall DBE goals solely through neutral means
 - If HDOT needs to continue DBE contract goals, assess the specific race/ethnic/gender groups eligible
- USDOT instructed agencies to conduct disparity studies after 2005 Ninth Circuit decision in *Western States Paving v. Washington State DOT*
- Will also provide information to assist in implementation of ACDBE Program
- HDOT last completed a disparity study in 2010

4. Terms and concepts for the disparity study

- DBE and ACDBE
 - Certified disadvantaged business enterprise (or certified ACDBE)
 - Can include white male-owned firms
 - Does not include all minority- and women-owned firms (such as those too large to meet certification requirements)
 - “Potential DBE” is a minority- or woman-owned firm that appears to be eligible for DBE certification

- Minority-owned firm (MBE)
 - 51%+ owned by African American, Asian-Pacific American, Subcontinent Asian American, Hispanic American or Native American
 - Includes minority women-owned firms
 - Our definition includes certified and non-certified firms
 - 2010 study disaggregated Asian-Pacific Americans by ethnic group

- White woman-owned firm (WBE)
 - 51%+ owned by white women, includes certified and non-certified firms

- Majority-owned firm
 - Non-MBE/WBE firm
 - Excludes non-profits and government agencies

4. Terms and concepts (cont.)

- Availability analysis
 - What firms are available to perform specific types, sizes and locations of HDOT and subrecipient prime contracts and subcontracts, and what is their race/ethnicity/gender ownership?
 - What percent of contract dollars might MBE/WBEs (by group) be expected to receive based on their relative availability and the types, sizes and locations of prime contracts and subcontracts?
- Utilization analysis
 - What is the utilization of MBEs and WBEs (by group) in an agency's contracts (including subcontracts), especially when DBE goals do not apply? (% of \$)
- Disparity analysis
 - Is utilization of minority- or women-owned firms (by group) less than what might be expected from the availability analysis?
- Case studies of past contracting
 - Are MBEs and WBEs bidding and proposing on prime contracts?
Are there barriers in HDOT's bid process?

4. Terms and concepts (cont.)

- Marketplace analysis
 - Census and other data on entry of minorities and women within relevant industries, business formation, access to capital and business success
 - From availability interviews, business owners' answers to questions concerning potential barriers in the marketplace
 - In-depth personal interviews/focus groups with business owners, trade groups and others
 - Input from public meetings

- Analysis of potential remedies
 - Any changes to contracting policies and practices
 - Small business programs, business development programs, technical assistance and other neutral remedies
 - As appropriate, race- and gender-conscious programs such as DBE contract goals

5. Analysis of MBE and WBE availability

- Collect information on firms available for different types of prime contracts and subcontracts through telephone interviews
- Then determine subset of firms that fit each HDOT contract/subcontract
- Divide number of MBE/WBEs available by total firms available
 - $19 \text{ MBE/WBEs} \div 55 \text{ total firms} = 35\% \text{ MBE/WBE availability for subcontract}$
- Then weight results by \$ involved to calculate total availability

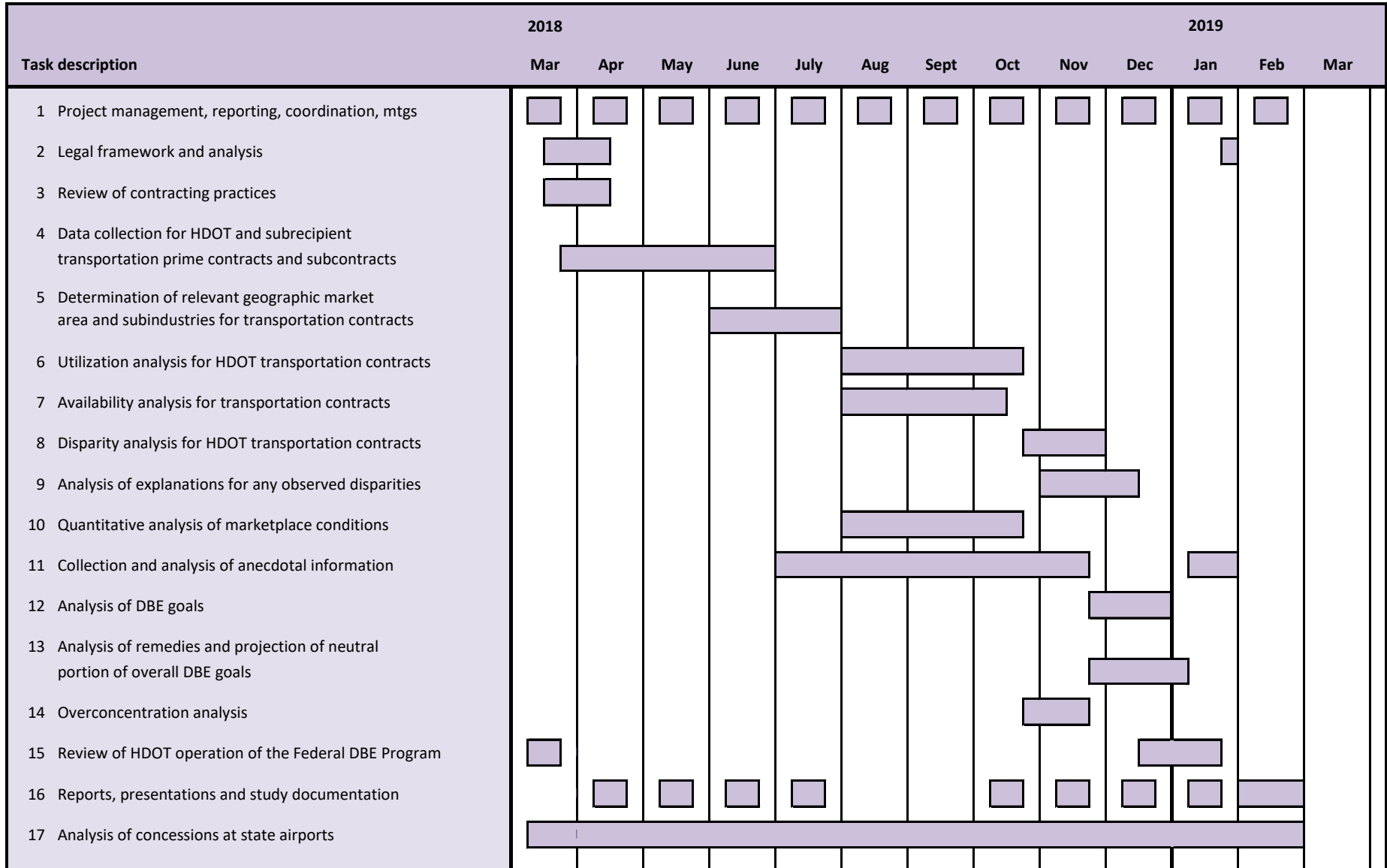


Prime contracts and subcontracts come in many types and sizes

6. Examples of in-depth interview questions

- How the firm started, any barriers pursuing public/private sector work?
- Experience working as primes/subs, experiences with other primes/subs?
- Keys to success — employees, equipment, financing, bonding, insurance, relationships?
- Potential barriers — learning about work, marketing, licensing, contract size, prequalification, bidding, timely payment, experiences with HDOT, other?
- Any unfair treatment — bid shopping, bid manipulation, unfavorable work environments, double-standards, other?
- Any stereotypical attitudes, “good ol’ boy” networks, other allegations of discriminatory treatment, other barriers?
- Insights regarding neutral measures — technical assistance, mentor-protégé programs, financing assistance, pre-bid conferences, vendor fairs, etc.?
- Insights regarding HDOT implementation of Federal DBE Program?
- DBE certification — process, advantages/disadvantages, any fronts?

7. Key tasks and preliminary schedule (to be refined)



8. How will interact with external groups

- External stakeholder group meetings
- Website, fact sheet, press releases and other means
- Information distributed to trade associations
- Telephone interviews with businesses in the Hawaii transportation contracting industry
- 50 in-depth personal interviews with business owners/managers and trade associations
- Focus groups involving up to 45 individuals
- Opportunities for any interested individuals or groups to submit comments (mail, dedicated email address, website, fax, telephone hotline)
- In-person public meetings and virtual public meetings
- Considering whether can adjust schedule to distribute draft report for public comment before preparing final report

9. In next month, HDOT/Keen Independent will ...

- Make any refinements to scope of work regarding
 - Contracts examined and study period (currently Oct. 2011–Sept. 2016)
 - Potential public review of draft report
 - Data practices/confidentiality
 - Internal and external communications about study, stakeholder groups
 - Detailed project schedule
- Review
 - HDOT implementation of DBE, ACDBE Programs
 - Contracting and concessions processes
 - Data collection systems regarding contracts/subcontracts
 - Information for subrecipients
 - Concessions quarterly reports and other materials
 - Types of work and geographic market area for contracts/concessions
- Develop and initiate contract/subcontract data collection plan
- Prepare legal framework and analysis for the study
- Schedule next External Stakeholder Group meeting (for summer)