



COLORADO
Department of
Transportation

Overall Annual DBE Goal for Highway Design and Construction

Federal Fiscal Years 2025 - 2027

US DOT Federal Highway Administration (FHWA)

CDOT Office of Environmental Justice and Equity (EJE)

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Executive Summary

This document explains the methodology used by the Colorado Department of Transportation (CDOT) to establish its three-year (FFY 2025-2027) overall annual Disadvantaged Business Enterprise (DBE) goal for contracts that contain funding assistance from the U.S. Department of Transportation (USDOT) Federal Highway Administration (FHWA). Determination of the goal includes identifying a base figure for the relative availability of DBEs based on demonstrable evidence of the availability of ready, willing, and able DBEs as compared to the availability of all businesses participating on federally-funded DOT-assisted contracts.

In accordance with 49 CFR 26.45, CDOT's goal methodology consists of two steps:

1. Establishing the base figure for the relative availability of DBEs.
2. Adjusting to the base figure as a result of available data.

To establish the base figure and determine the relative availability of DBEs to perform work on CDOT projects, CDOT evaluated the relevant market area for contractor participation, potential contracting opportunities in construction, professional services, and local agency projects, availability and ability of DBE certified firms to participate on those potential contracts, and anecdotal evidence gathered from relevant disparity study data, association meetings, and a public comment period.

This analysis resulted in a base figure of 11.41% of DBE participation annually over the next three fiscal years. CDOT then considered all available evidence to determine whether adjustments should be made to the base figure calculation. Based upon an evaluation of market conditions and the availability of CDOT prequalified professional services firms, **CDOT made an adjustment that modified the overall DBE annual goal to 12.48%**. Additional factors were considered including historical DBE participation, other disparity studies, projected future funding, DBE capacity and access to bonding. This analysis did not warrant further adjustments to the goal.

CDOT also considered what percentage of the goal can be obtained through race-neutral means. CDOT has a robust small business support services program called Connect2DOT that has been implemented statewide to assist in developing ready, willing, and able DBE firms. CDOT also has an Emerging Small Business (ESB) Program designed specifically to assist CDOT in increasing race-neutral participation on its contracts. By taking into consideration these efforts along with an analysis of historical race-neutral participation, **CDOT is proposing a split of 5.38% race-neutral and 7.1% race-conscious participation.**

CDOT is committed to monitoring DBE participation for federal-aid highway design and construction projects to ensure the overall goal is being met. DBE achievements will be evaluated annually to determine whether market conditions warrant adjustments to the overall DBE goal, or individual race-conscious and race-neutral components.

DBE Goal Setting Methodology

The methodology described in 49 CFR 26.45(c)(1) was used to determine the base figure for the relative availability of DBEs. This is based on demonstrable evidence of the availability of ready, willing, and able DBEs as compared to the availability of all businesses in the relevant market area to participate on federally-funded FHWA-assisted contracts.

Market Area Determination

The first step in establishing the DBE goal is to determine the relevant market area for the analysis. This is the geographic area where the majority of CDOT contractors are located and where a majority of contracting dollars are spent.

Historical contracting data for the past three fiscal years (FFY 2021-2023) shows that a total of 1,232 prime and subcontractors worked on CDOT contracts. Of those, 997 (81%) were located in Colorado and 235 (19%) were located out-of-state.

Figure 1: Location of CDOT Contractors

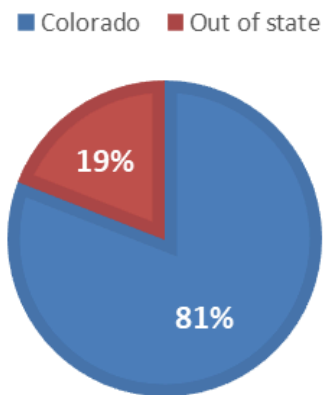


Table 1 below shows that the majority of CDOT dollars and contracts in the past three fiscal years were awarded to firms headquartered in the state of Colorado. A total of 88% of prime contracts and 83% of subcontracts went to Colorado-based firms. Based upon this data, CDOT determined the state of Colorado as the market area for the methodology.

Table 1: Contracts Awarded to Colorado Firms FFY 2021-2023, Excluding Design-Build

Category	Colorado Firm Prime Contracts	Colorado Firm Sub Contracts
Total Dollars	\$1,422,423,358	\$619,700,544
Percent of Dollars	87%	83%
Percent of All Contracts	88%	83%
Percent of All Firms Utilized	79%	81%

Availability Data

After determining the relevant market area, CDOT used the statewide UCP DBE Directory to identify DBE certified firms in highway construction and professional services in accordance with the process suggested in 49 CFR 26.45(c)(1) for the use of DBE Directories and Census Bureau data. The DBE Directory includes Colorado-based firms, as well as out-of-state firms that are certified as a DBE in Colorado.

As suggested by Section E of the USDOT Tips for Goal Setting in the DBE Program¹, to ensure an “apples to apples” comparison with Census data, only DBE firms with their principal place of business in the market area of Colorado were included in the calculation. As of February 8, 2024, there were 1,841 firms listed on the DBE directory and 1,298 with headquarters in Colorado. A total of 734 of those DBE firms have a primary NAICS related to CDOT contracting.

CDOT also used data from the U.S. Census Bureau 2021 County Business Patterns (CPB) as of February 16, 2024 to identify the total number of Colorado-based firms available in relevant primary NAICS. In order to compare DBE firms with Census data that assigned a firm a single primary NAICS, CDOT conducted an analysis of the primary type of work performed by Colorado-based DBEs. This ensures the numerator of DBE firms in the Step 1 calculation is not double-counted since the denominator from the Census data is not double-counted.

When making a certification determination, the Colorado UCP does not identify the primary NAICS of the firm. For the availability analysis, CDOT assigned a primary NAICS to each firm using the following information:

- NAICS codes assigned to the firm by the Colorado UCP
- Primary NAICS assigned to the firm for the past DBE methodology
- CDOT Vendor Directory self-registered primary NAICS code
- U.S. Small Business Administration Dynamic Small Business Search
- Knowledge of the firm’s products/services and information from the company’s website and public online directories

Relevant Types of Work

For the base figure calculation, CDOT first sought to determine potential contracting opportunities for the next three federal fiscal years. Based upon an evaluation of the CDOT FY 2024-2027 Statewide Transportation Improvement Program (STIP)² report and CDOT’s 10-Year Plan Annual Report³, CDOT anticipates the type of work over the next three years to be very similar to the past three years. The total federal contract dollars awarded between FFY 2021-2023, excluding local agency pass-through, was \$1,836,396,652.

¹ USDOT Tips for Goal Setting in the DBE Program:

www.transportation.gov/osdbu/disadvantaged-business-enterprise/tips-goal-setting-disadvantaged-business-enterprise

² CDOT FY 2024-2027 STIP: www.codot.gov/programs/planning/transportation-plans-and-studies/stip

³ 10-Year Plan Annual Report:

www.codot.gov/business/budget/documents/fy-2024-25-budget-documents/fy-2024-2025-proposed-budget-documents/cdot_ytp_10yearvision_annual-report-12-15-23.pdf

Construction

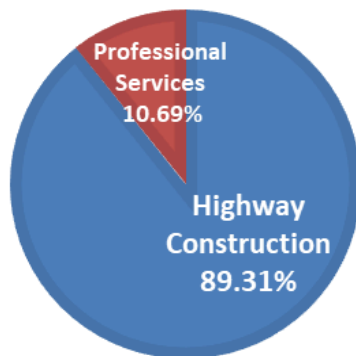
For construction contracts, CDOT assigned a NAICS code to bid items from all contracts awarded over the past three fiscal years, including Construction Manager/General Contractor (CM/GC) contracts but excluding Local Agency projects which are included separately in the Step 1 Base Figure Calculation.

This was done so the types of work contracted by CDOT could be correlated to the primary services of firms in the market area and bid items could be grouped and weighted. The total amount of construction dollars awarded during FFY 2021-2023 was \$1,640,027,847 or 89.31% of total contract dollars awarded.

Professional Services

Professional services contracts do not have bid items so CDOT reviewed award information and project descriptions for all contracts and task orders awarded during FFY 2021-2023 to categorize the types of work by NAICS. This also excluded Local Agency contracts which are accounted for separately. The total amount of professional services dollars awarded was \$196,368,805 or 10.69% of the total contracted dollars.

Figure 2: CDOT Contract Awards FFY 2021 - 2023



Step 1 Base Figure Calculation

In accordance with *USDOT Tips for Goal Setting Section F*, CDOT conducted a weighted calculation of the opportunities in construction and professional services. The following formula was used to determine the relative availability of DBE firms and the base figure for DBE participation.

Figure 3: Base Figure Formula

$$\text{Step One Base Figure} = \frac{\text{Ready, willing, and able DBEs}}{\text{All firms ready, willing, and able (including DBEs and non-DBEs)}}$$

Construction Base Figure

Using data from the 2021 Census, UCP DBE Directory, and CDOT construction bid item totals for FFY 2021-2023, CDOT calculated the relative availability of DBE firms to perform work in NAICS relevant to anticipated construction contracts. Table 2 shows the base figure for construction contracts weighted by the percent of contracting dollars in each NAICS.

Table 2: Construction Weighted Availability Calculation

NAICS	Description (abbreviated)	All CO Firms	CO DBE Firms	Relative Availability	FFY 2021 - 2023 Total	Weight	Base
212321	Sand and Gravel Mining	56	0	0.00%	\$1,414,661	0.09%	0.00%
236220	Building Construction	765	28	3.66%	\$155,700	0.01%	0.00%
237110	Water and Sewer Line	274	10	3.65%	\$20,738,008	1.26%	0.05%
237130	Power Line Construction	160	3	1.88%	\$4,157,163	0.25%	0.00%
237310	Highway/Bridge Const.	232	46	19.83%	\$810,582,949	49.42%	9.80%
237990	Other Civil Eng. Const.	71	4	5.63%	\$22,964,731	1.40%	0.08%
238110	Concrete and Structures	598	13	2.17%	\$55,442,358	3.38%	0.07%
238120	Structural Steel and Precast	115	14	12.17%	\$50,382,632	3.07%	0.37%
238140	Masonry Contractors	439	7	1.59%	\$159,903	0.01%	0.00%
238190	Welding Contractors	205	7	3.41%	\$1,384,143	0.08%	0.00%
238210	Electrical Contractors	2122	49	2.31%	\$70,904,092	4.32%	0.10%
238320	Painting and Wall Coverings	1077	14	1.30%	\$1,988,300	0.12%	0.00%
238390	Other Building Finishing	236	7	2.97%	\$12,672,504	0.77%	0.02%
238910	Site Preparation Contractors	986	25	2.54%	\$67,091,410	4.09%	0.10%
238990	Asphalt, concrete, fencing	947	21	2.22%	\$30,029,404	1.83%	0.04%
324121	Asphalt manufacturing	11	0	0.00%	\$2,487,850	0.15%	0.00%
326140	Polystyrene manufacturing	11	0	0.00%	\$34,360	0.00%	0.00%
484220	Trucking	679	143	21.06%	\$62,925,540	3.84%	0.81%
488490	Sweeping	56	4	7.14%	\$2,408,051	0.15%	0.01%
541370	Surveying	255	16	6.27%	\$15,301,649	0.93%	0.06%
541380	Geotech/Material Testing	181	13	7.18%	\$5,221,911	0.32%	0.02%
541613	Marketing and PR	1761	79	4.49%	\$3,896,229	0.24%	0.01%
541620	Environmental Consulting	477	23	4.82%	\$1,205,392	0.07%	0.00%
541690	Other Scientific Consulting	918	2	0.22%	\$1,307,994	0.08%	0.00%
561320	Temporary Staffing	477	22	4.61%	\$298,923	0.02%	0.00%
561730	Landscaping Services	2464	25	1.01%	\$55,952,189	3.41%	0.03%
561990	Traffic Control/Utilities	263	25	9.51%	\$153,486,331	9.36%	0.89%
562991	Septic Tank Services	87	1	1.15%	\$1,447,663	0.09%	0.00%
Misc.	Miscellaneous	0	0	0.00%	\$183,985,807	11.22%	0.00%
Total		15923	601*	3.77%	\$1,640,027,847	100.00%	12.49%

Professional Services Base Figure

Table 3 below shows the relative availability of DBE firms with a primary NAICS used for professional services contracts. CDOT does not capture line-item details for these types of contracts but does have general descriptions of prime contracts and subcontracts. CDOT evaluated contracts awarded between FFY 2021-2023 and mapped the general descriptions to NAICS, similar to the process used for construction contracts.

Table 3: Professional Services Availability Calculation

NAICS	Description (abbreviated)	All CO Firms	CO DBE Firms	Relative Availability	FFY 2021 - 2023 Total	Weight	Base
237110	Water and Sewer Line	274	10	3.65%	\$369,976	0.19%	0.01%
237990	Other Civil Eng. Construction	71	4	5.63%	\$29,535	0.01%	0.00%
238910	Site Preparation Contractors	986	25	2.54%	\$45,130	0.02%	0.00%
518210	Data Processing	550	9	1.64%	\$170,981	0.09%	0.00%
541320	Landscape Architecture	227	25	11.01%	\$1,068,933	0.54%	0.06%
541330	General Engineering	2416	72	2.98%	\$177,949,739	89.71%	2.67%
541370	Surveying	225	16	7.11%	\$3,610,243	1.82%	0.13%
541380	Geotech/Materials Westing	181	13	7.18%	\$5,830,727	2.94%	0.21%
541611	General Management	3026	7	0.23%	\$1,598,359	0.81%	0.00%
541613	Marketing and Public Relations	1761	79	4.49%	\$1,365,181	0.69%	0.03%
541620	Environmental	477	23	4.82%	\$5,729,294	2.89%	0.14%
561990	Traffic Control/Utilities	263	25	9.51%	\$600,706	0.30%	0.03%
Total		10,457	288*	75.97%	\$198,368,805	100.00%	3.28%

***Note:** The combined total of DBE firms in construction and professional services is higher than the total number of available DBE firms with relevant NAICS because some work categories are used for both construction and professional services contracts.

Combined Base Figure

Tables 2 and 3 are separated into construction and professional services because they represent two separate data sets. However, the overall DBE goal is not separated by the type of work. It is a calculation of all available DBEs compared to all available firms. Therefore, CDOT weighted the base figures based upon the percent of total contracting dollars by category of work (Figure 2). This resulted in a base figure of 11.51% (Table 4).

Table 4: Combined Step 1 Base Figure

Category	Weighted Availability	Forecasted % of Awards	Weighted Step 1 Base Figure
Highway Construction	12.49%	89.31%	11.15%
Professional Services	3.28%	10.69%	.35%
Combined Step 1 Base Figure			11.51%

Local Agency Project Impact on Base Figure

CDOT reviewed the past three years of budgeted funding allocated to local agencies for projects that included FHWA funding. The assumption is that contract opportunities for DBE firms on local agency projects over the next three federal fiscal years will be similar to the dollar amounts awarded during the past three years.

Local agency contracts are not detailed at a line-item level so NAICS cannot be assigned for weighting purposes. However, Table 5 shows the amount of budgeted contract dollars split out between construction and professional services for the past three years. These local agency dollar totals were then combined with the expected CDOT contracting totals (Tables 6-7) and weighted using the base figures for construction and professional services (Table 8).

This resulted in a combined base figure, including federally-assisted local agency opportunities, is 11.41% (Table 9).

Table 5: Local Agency Expenditures (FY 2021-2023)

Local Agency Contract Type	3-Year Total
Local Agency Construction	\$505,793,177
Local Agency Professional Services	\$87,611,431
Total LA Federal Dollars	\$593,404,608

Table 6: Combined CDOT and Local Agency Construction Opportunities

Construction Opportunities	3-Year Total
CDOT Opportunities (Table 2)	\$1,640,027,847
Local Agency Opportunities (Table 5)	\$505,793,177
Total Construction Opportunities	\$2,145,821,024

Table 7: Combined CDOT and Local Agency Professional Services Opportunities

Professional Services Opportunities	3-Year Forecasted Total
CDOT Opportunities (Table 3)	\$196,368,805
Local Agency Opportunities (Table 5)	\$87,611,431
Total Professional Services Opportunities	\$283,980,236

Table 8: Total Goal Dollars Calculation

Combined Contract Type	Total Opportunities	Base Goal	Total Goal Dollars
Construction Opportunities (Table 6)	\$2,145,821,024	12.49%	\$268,013,046
Professional Services Opportunities (Table 7)	\$283,980,236	3.28%	\$9,324,975
Total (CDOT + Local Agency)	\$2,429,801,260		\$277,338,021

Table 9: Combined Base Figure including Projected Local Agency Opportunities

Calculation	Step 1 DBE Goal
Total Goal Dollars / Total Opportunities (\$277,388,021) / (\$2,429,801,260)	11.41%

Alternative Delivery Impact on Base Figure

In addition to traditional design-bid-build construction contracts and professional services contracts, CDOT uses Alternative Delivery project delivery methods that include Construction Manager/General Contractor (CM/GC), Public Private Partnerships (P3), and Design-Build (DB).

Construction Manager/General Contractor (CM/GC)

CDOT anticipates the level of federal funding for CM/GC projects over the next three fiscal years to be similar to the past three years. Since CM/GC contracts are captured in the data for design-bid-build projects, these opportunities are included in the weighting shown in Tables 2 and 3.

Public-Private Partnership (P3)

CDOT does not currently anticipate P3 project delivery methods over the next three fiscal years. Historically, P3 projects have a DBE goal that is tracked separately and therefore these projects are not included in the Step 1 calculation. However, if a project selection matrix determines that a P3 delivery method is preferred, CDOT will re-evaluate to determine what impact, if any, it will have on the overall goal.

Design-Build (DB)

CDOT anticipates the potential for one major Design-Build project over the next three fiscal years. This project is anticipated to have a budget of approximately \$400 million dollars with significant DBE opportunities. CDOT anticipates setting and tracking the DBE goal separately for this project, similar to a P3 project. Therefore, the project has not been included in the calculations of the overall annual DBE goal.

Step 2: Adjustments to the Base Figure

49 CFR Section 26.45 (d) identifies numerous examples of data that can be examined in order to adjust the Step 1 base figure to narrowly tailor the goals to the local market. Step 2 of the goal setting methodology is intended to adjust the base figure to reflect, as accurately as possible, the DBE participation CDOT would expect in the absence of discrimination. CDOT considered the following factors to determine whether an adjustment to the Step 2 base figure is appropriate.

Professional Services Prequalification List

CDOT requires all consulting firms seeking work on CDOT professional services contracts to be prequalified and have a Master Pricing Agreement. The list of prequalified firms is a much more accurate representation of potential bidders than the Census and UCP Directory. It is effectively a bidder's list of professional services consultants.

As of March 12, 2024, there were 229 prequalified professional services consultants. Of those, 52 were DBE certified. A weighted analysis of professional services opportunities using prequalified DBE certified firms compared to all prequalified firms resulted in a base figure of 21.47%. Given the significant disparity between the base figure for professional services using Census data (3.28%) and the prequalified consultant directory (21.47%), CDOT determined that an average of these the two data sets should be treated as equal weights as shown in Table 10.

Table 10: Average Availability in Professional Services

Category	Calculation	Percentage
Combined Professional Services Availability	21.47% + 3.28%	24.75%
Average	24.75% ÷ 2	12.38%

CDOT also considered past DBE participation on professional services contracts as another factor to determine if the upward adjustment in Table 10 is warranted. Table 11 below shows DBE participation on professional services contracts over the past three fiscal years. The median is 14.81% which is significantly higher than the availability calculation of 3.28% shown in Table 3. It is also more in line with the average of 12.38% shown in Table 10. This confirmed that an upward adjustment using 12.38% for professional services is justified.

Table 11: DBE Participation on Professional Services Contracts in FFY 2021-2023

FFY	CDOT PS Contract Awards (Federal Dollars Only)	DBE Participation (Federal Dollars Only)	DBE Participation
2021	\$20,693,176.84	\$2,171,419.70	10.49%
2022	\$19,009,599.41	\$5,936,088.00	31.23%
2023	\$64,461,377.68	\$9,548,198.06	14.81%
		Historical Median	14.81%

Step 2 Adjusted Base Figure

CDOT made an adjustment to the base figure by using a relative availability of 12.38% for professional services firms as shown in Table 12. This adjustment resulted in an overall goal of 12.48% as shown in Table 13.

Table 12: Revised Goal Dollars Calculation

Type of Opportunity	Total Opportunities in Dollars	Adjusted DBE %	Adjusted DBE Goal Dollars
Construction Opportunities	\$2,145,821,024	12.49%	\$268,002,372
Professional Services Opportunities	\$283,980,236	12.38%	\$35,145,434
Total Amount of Goal in Dollars	\$2,429,801,260		\$303,147,806

Table 13: Adjusted Base Figure Calculation

Calculation	Step 2 Adjusted DBE Goal
Total Goal Dollars / Total Opportunities (\$303,147,806) / (\$2,429,801,260)	12.48%

Historical DBE Participation

The USDOT Tips for Goal Setting suggests evaluating past DBE participation as a factor for a Step 2 adjustment. Table 14 represents DBE participation achieved on federal dollars over the past five years compared to the DBE goal set for each year. The historical median over those years is 11.92%.

Table 14: DBE Participation on Past Construction Contracts

FFY	Annual DBE Goal	Actual DBE Achievement (Federal Dollars Only)
2019	11.55%	12.41%
2020	11.55%	11.69%
2021	11.89%	11.84%
2022	11.89%	11.92%
2023	11.89%	12.72%
	Historical Median	11.92%

The Tips also state “if your records suggest levels of past participation very similar to the number you calculated in Step 1, then it is not necessary to make any adjustment for past participation.” The Step 2 adjusted goal of 12.48% and the historical median of 11.92% are similar enough to not constitute another Step 2 adjustment.

Disparity Studies

CDOT evaluated available Colorado disparity studies to determine if any data was available to consider for a Step 2 adjustment. The two most recent studies are outlined below. The analysis of these disparity studies did not justify a Step 2 adjustment.

2020 State of Colorado Disparity Study

The State of Colorado conducted a disparity study⁴ in 2020 that included Colorado construction, construction-related professional services, other professional services, goods, other services, and brokerage and investment industries. Because the study was so comprehensive, it did not include a level of granularity required for CDOT's overall annual DBE goal methodology.

For example, the data in several contracting categories were combined such as highway construction and building construction. It also included contracts that were exclusively state funded which are not eligible for the DBE program and account for only a small percentage of CDOT highway design and construction contracts.

While the data from the study could not be directly used for CDOT's goal calculations, it demonstrated that disparities exist in State contracting. It made a recommendation to the State to "establish policy and overall annual aspirational goals for eligible contracts," which supports the use of race-conscious goals by CDOT on federal-assisted contracts. The State has created an Equity Office to address the issues of disparity in state contracting.

City and County of Denver 2018 Disparity Study

The City and County of Denver conducted a disparity study⁵ in 2018 which covered the state's largest metropolitan area. As with the State disparity study, this study showed that minorities, women, and minority- and women-owned businesses face substantial barriers nationwide and in Denver. It also found disparities in contracting in all contracting categories. This again supports CDOT's use of race-conscious goals and race-neutral measures to level the playing field for DBE firms. However, the data is more than 5 years old and restricted to the Denver metro area so it is not representative of a statewide market area. Denver is currently seeking a consultant to conduct an M/WBE Availability and Disparity Study for the period 2017-2021. CDOT will review the report when it is available to determine if there is any relevant impact on CDOT's overall annual DBE goal.

Access to Bonding

CDOT also considered the ability of DBEs to access bonding for subcontracting on FHWA-assisted contracts. While performance bonds are not a requirement for subcontractors according to CDOT's specifications, they are often required by prime contractors. Small businesses with higher financial risk and lower past credit history may have a more difficult time obtaining bonds.

⁴ 2020 State of Colorado Disparity Study: <https://osc.colorado.gov/spco/state-of-colorado-disparity-study> ⁵

City and County of Denver 2018 Disparity Study:

www.denvergov.org/content/dam/denvergov/Portals/690/DSBO/DS%20FULL%20REPORT%200410.pdf

Statewide Bond Assistance Program (SBAP)

The State of Colorado recently formed the Statewide Equity Office which launched the Statewide Bond Assistance Program (SBAP).⁶ It provides technical and financial assistance to help historically underutilized small businesses (annual revenue up to \$5 million) understand the surety bond process, secure surety bonding, and increase contracting with the State of Colorado. SBAP partners with a bond administrator to provide surety bonds and offset all or part of the cost of obtaining a surety bond. The program guarantees \$50,000 - \$1,500,000 on bonds for state contracts, including CDOT.

U.S. Small Business Administration (SBA) Bond Guarantee Program

Additionally, the SBA's Bond Guarantee program is available to small businesses (based upon SBA size standards) for non-federal contracts up to \$9 million and federal contracts up to \$14 million. These bond guarantee programs have reduced barriers to entry for DBEs that have not been able to bond with a traditional surety. CDOT also supports the USDOT West Central SBTRC Bonding Education Program (BEP) and provides one-on-one consulting on bonding through CDOT's DBE Support Services Program (Connect2DOT). Overall, these initiatives have reduced disparities in the access to bonding for CDOT projects and therefore a Step 2 adjustment is not required.

Future Contracting Opportunities

CDOT anticipates that the work contracted over the next three fiscal years (FFY 2025-2027) will be similar to what was contracted over the past three years. Historical data shows that the types of work have remained consistent regardless of the project delivery method. CDOT has seen an influx of funding from the Bipartisan Infrastructure Law (BIL) - Investment in Infrastructure and Jobs Act (IIJA). It will provide the state with \$3.9 billion for road and bridge infrastructure projects through FFY 2026⁷. To date, a total of \$2.53 billion of that funding has been announced or awarded for Colorado road, bridge and other major projects.⁸

Last year, CDOT paid out a historical high of \$860 million to contractors for work on 231 active projects across the state. This is a nearly 25% increase over the past five years. CDOT anticipates that contracted funding will level off over the next three fiscal years.

Figure 4 below shows the total dollars paid by CDOT to outside consultants and contractors over the past six years.

⁶ Colorado Statewide Bond Assistance: <https://dhr.colorado.gov/supplier-diversity/construction-and-bond-assistance>

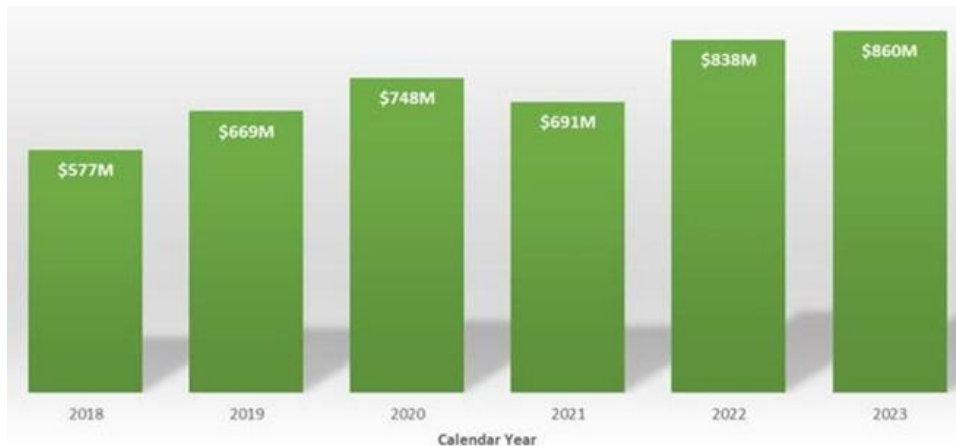
⁷ Colorado IIJA Fact Sheet:

https://bidenwhitehouse.archives.gov/wp-content/uploads/2021/08/COLORADO_The-Infrastructure-Investment-and-Jobs-Act-State-Fact-Sheet.pdf

⁸ Historic IIJA and IRA Investments in Colorado:

<https://coforward.colorado.gov/infrastructure-investment-jobs-act/historic-iija-and-ira-investments-in-colorado>

Figure 4: CDOT Total Contractor Payments



CDOT Funding Outlook

According to the approved FY 2024-2025 STIP⁹, CDOT has programmed approximately \$1.03 billion of projects in state fiscal year 2024. Table 15 shows that revenues will increase slightly in FY 2025-2027. The drop in STIP'd amounts over the next three years is primarily a reflection of projects that are not yet deemed ready. There are a number of factors that go into making a project “ready” and that includes analysis of treatment needs, cost estimates, and prioritization. These projects will be added throughout the fiscal year. Even with an increase in revenue, the expectation is that the level of contracted projects will be similar to the past three fiscal years.

Table 15: CDOT Statewide Transportation Improvement Program FY 2024 - 2027

Fiscal Constraint	FY2024	FY2025	FY2026	FY2027
Total Revenue	\$1,682,946,158	\$1,827,772,908	\$1,811,529,094	\$1,848,900,000
Total STIP'd	\$1,025,400,000	\$693,675,000	\$439,610,000	\$376,795,000

As evidenced by past fluctuations in CDOT’s contracting program, DBE firms have grown to meet demand and survived periods of slow-downs. Section H of the USDOT Tips for Goal Setting states; “It is never appropriate to adjust your measurements of relative DBE availability, either in Step One or in Step Two, solely because the size of your contracting program will change in the next fiscal year. For example, if you assume that non-DBEs will be able to expand to compete for large influx of new program dollars, you should make the same assumption about DBEs, absent specific evidence to the contrary.”

CDOT met with various industry associations (see Public Participation) to gain insight into the effects of additional state and federal funding on contracting opportunities. A majority of commenters indicated that they have not felt the effect of IIJA funds. The quantity of work has remained consistent for subcontractors and subconsultants.

⁹ CDOT Statewide Transportation Improvement Program (STIP): www.codot.gov/programs/planning/transportation-plans-and-studies/stip

Increased Funding and DBE Participation

Additionally, a review of past DBE participation showed there is not a direct correlation to the total amount of contract dollars awarded and the percentage of DBE participation. In fact, CDOT experienced greater DBE participation in years when there were more total federal-assisted contract dollars awarded. Table 16 shows that the highest DBE goal attainment was in FFY 2023 when the total amount of federal contracting dollars was also the highest.

Table 16: Dollar Value of Past DBE Participation (Federal Dollars Only)

FFY	Contract Awards (Federal Dollars Only)	DBE Participation (Federal Dollars Only)	DBE Participation Percentage
2021	\$457,623,760	\$54,190,441	11.84%
2022	\$489,163,639	\$58,284,143	11.92%
2023	\$710,710,498	\$90,390,635	12.72%

The resulting conclusion was that although the overall amount of federal contracting dollars may increase with the addition of stimulus funding and other revenue sources, the ratios of the type of work to be performed will remain approximately the same. Rather than making adjustments to the base figure based upon potential scenarios, CDOT will re-evaluate DBE participation for federal-aid projects annually to determine whether market conditions warrant adjustments to the overall DBE goal, or individual race-conscious and race-neutral components.

Breakout of Race Neutral/Race Conscious Participation

The federal regulations require CDOT to meet the maximum feasible portion of its overall goal by using race and gender-neutral means of facilitating DBE participation (see CFR 49 Part 26.51(a) and also 26.45(f)(3) and 26.51(c)). Race-neutral participation includes:

- DBEs who win prime contracts through customary competitive procurement procedures;
- DBEs who are awarded subcontracts on federally-assisted prime contracts that do not carry a DBE goal (0% assigned DBE goal); and
- DBEs who are awarded subcontracts in excess of the stated DBE project goal.

CDOT examined race-neutral DBE attainment for the past three federal fiscal years to determine the maximum feasible race-neutral participation. The median was used instead of the average to exclude outliers - that is, abnormally high or low numbers. Tables 17-19 show the race-neutral achievement of DBE firms on construction, professional services, and local agency contracts. Note that only one year of DBE participation data is available for local agency contracts because those contracts were recently added to the B2Gnow tracking system.

Table 17: Past DBE Construction Race Neutral Amounts (Federal Dollars Only)

FFY	Total Award Amount (Federal Dollars Only)	DBE Prime Award Amount (Race Neutral)	% of Total Award Amount
2021	\$436,930,583	\$20,678,883	4.73%
2022	\$470,154,039	\$21,738,095	4.62%
2023	\$486,041,046	\$28,966,074	5.96%

Table 18: Past DBE Professional Services Race Neutral Amounts (Federal Dollars Only)

FFY	Total Award Amount (Federal Dollars Only)	DBE Prime Award Amount (Race Neutral)	% of Total Award Amount
2021	\$20,693,177	\$806,617	3.90%
2022	\$19,009,599	\$5,482,306	28.84%
2023	\$64,461,378	\$4,357,545	6.76%

Table 19: Past DBE Local Agency Race Neutral Amounts (Federal Dollars Only)

FFY	Total Award Amount (Federal Dollars Only)	DBE Prime Award Amount (Race Neutral)	% of Total Award Amount
2023	\$160,208,074	\$4,667,383	2.91%

Table 20 below shows the combined awarded dollar amounts and the combined DBE prime award dollar amounts for FFY 2021-2023 (adding together the values from Tables 17-19). The race-neutral percentage that was achieved for each year is calculated by dividing the total DBE prime award amount by the total award amount. Over the past three years, CDOT achieved a median of 5.35% of DBE participation through race-neutral means on construction, professional services, and local agency contracts collectively.

Table 20: Combined Past Race Neutral Participation (Federal Dollars Only)

FFY	Total Award Amount (Federal Dollars Only)	DBE Prime Award Amount (Race Neutral)	% of Total Award Amount
2021	\$457,623,760	\$21,485,450	4.70%
2022	\$489,163,639	\$27,220,401	5.56%
2023	\$710,710,498	\$37,991,002	5.35%
		Historical Race Neutral Median	5.35%

CDOT also considered the percent by which past goals were either exceeded or not achieved previously to determine an appropriate race-neutral and race-conscious proportion. This is consistent with the USDOT Tips for Goal Setting. Specifically, USDOT recommends increasing the race-conscious portion of the annual goal to account for the proportion of previous years' goals that was not met or increasing the race-neutral portion to account for exceeding goals.

Table 21 shows that CDOT exceeded the goal in two of three years and has a median of .03% of participation in excess of the goal.

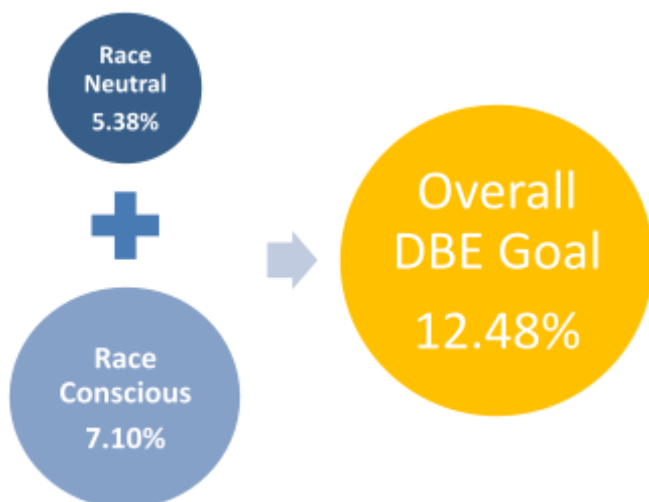
Table 21: Combined Past Race Neutral Participation (Federal Dollars Only)

FFY	Annual Overall DBE Goal	Actual DBE Achievement (Federal Dollars Only)	Difference
2021	11.89%	11.84%	-.05%
2022	11.89%	11.92%	.03%
2023	11.89%	12.72%	.83%
Historical Race Neutral Median	11.89%	11.92%	.03%

Race-Neutral and Race-Conscious DBE Goals

CDOT is confident that it will be able to achieve a portion of DBE participation through race-neutral means based upon historical trends and the successful implementation of various race-neutral program elements. To calculate the race-neutral portion, CDOT used the median race-neutral goal achieved over the past three years (5.35%) shown in Table 20 and added the median percentage in which the DBE goal was exceeded (.03%) shown in Table 21. This resulted in a race-neutral goal of 5.38%. The race-conscious goal was then set at 7.10% to total the overall annual goal of 12.48%.

Figure 5: Race-Neutral and Race-Conscious DBE Goal Percentages



The overall DBE goal is slightly more than in the past three years and the percentage allocated to race-neutral participation has been increased by 1.05%. CDOT aspires to create a balance between race-conscious goals and race-neutral means of achieving DBE participation on federal-assisted contracts. The race-neutral goal is considered a minimum and not the ceiling. CDOT will continue to actively increase the amount of race-neutral DBE participation and reduce the reliance on race-conscious goals to meet the overall goal.

Race-Neutral Methods

It is the goal of CDOT to meet the maximum feasible portion of its DBE goals by using race-neutral means of facilitating DBE participation. The ongoing initiatives described below seek to reduce discriminatory barriers, increase capacity, and level the playing field for the participation of DBEs and other small contractors. They are also designed to assist CDOT in increasing race-neutral participation on its contracts.

Marketing and Outreach

CDOT's Civil Rights Program is responsible for all activities in CDOT related to internal and external civil rights and contractor requirements under state and federal law. In 2021, Senate Bill 260 established the creation of an Environmental Justice and Equity (EJE) office within CDOT. The Civil Rights Program, including DBE and small business programs and compliance, now fall under EJE. This organizational restructuring allows for a more comprehensive approach to equity, diversity, inclusion and accessibility (EDIA) efforts.

The EJE office takes a very active role in outreach to the contracting community. These efforts help recruit and support small businesses and DBEs in pursuing and performing work on CDOT contracts. The office hosts outreach events related to major projects, attends industry conferences and meetings, participates in co-hosted programs with partner agencies and associations, delivers information to contractors via email, newsletters, and social media, and leads initiatives with the Colorado Unified Certification Program (UCP) committee.

Emerging Small Business (ESB) Program

CDOT's Emerging Small Business Program is a race-neutral program designed to aid small businesses in obtaining work on CDOT's highway construction and design projects. The size standard mirrors the DBE program so many of the small firms participating in the ESB Program are also certified DBEs. CDOT created a task force in 2024 that is working on developing and delivering additional race-neutral measures such as ESB Restricted Projects, scoring incentives for Professional Services contracts, ESB participation goals, and a robust Mentor-Protégé program.

Connect2DOT Program

CDOT uses state small business funds and federal DBE supportive service funds for the Connect2DOT Program which offers technical assistance to all small businesses including DBEs in accordance with 23 CFR 230.204. The program helps contractors and consultants across the state learn how to do business with CDOT and maximize their opportunities and performance on projects. A complete description of the program can be found at www.connect2dot.org.

Public Participation and Feedback

In accordance with 49 CFR 26.45, CDOT reached out to industry stakeholders and minority group representatives to obtain feedback on the goal methodology and to evaluate any barriers to contracting for DBEs. This included presenting information about the methodology and soliciting feedback at various industry associations meetings including:

- Conference of Minority Transportation Officials (COMTO) of Colorado
- Hispanic Contractors of Colorado (HCC)
- Black Construction Group (BCG)
- Colorado Contractors Association (CCA)
- Western Colorado Contractors Association (WCCA)
- American Council of Engineering Companies (ACEC) of Colorado
- Women’s Transportation Seminar (WTS)

CDOT published the overall annual goal methodology on its website at <https://www.codot.gov/business/civilrights/smallbusiness/dbe> on May 30, 2024. A virtual public meeting will be held on June 4 to provide a summary of the methodology, present the proposed DBE goal, and encourage feedback during the public comment. All industry stakeholder groups will be notified of the public meeting and it will be promoted via email to contractors registered in CDOT’s Business Management System (B2Gnow), Connect2DOT, and the DBE and ESB directories. CDOT will also provide information at the CDOT Small Business Collaborative Forum on May 30.

Comments will be accepted related to this draft document through July 10, 2024.

Please contact the CDOT Office of Environmental Justice and Equity with any questions or comments regarding this methodology:

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