

SECTION II.

Types and Locations of ODOT Transportation Contracts

Section II describes (a) how BBC collected and analyzed ODOT prime contract and subcontract data; (b) the construction, engineering and other subindustries involved in ODOT transportation contracts; and (c) how BBC defined the relevant geographic market area for ODOT contracting.

A. Collection and Analysis of Prime Contract and Subcontract Data

BBC identified firms receiving ODOT prime contracts and subcontracts from Department records and information from prime contractors.

- The study period is July 1, 2004 through June 30, 2009. (The end date was chosen so that the most recent fiscal year's data were available for analysis when BBC initiated the disparity study in August 2009.) Date of the contract was usually determined from the award date.
- BBC examined FHWA- and state-funded contracts.
 - The study team identified 6,306 FHWA-funded contracts awarded during the study period totaling \$2.9 billion.¹
 - The 1,685 state-funded contracts examined for the study period totaled \$453 million. Contract records were used to determine whether or not ODOT treated a contract as FHWA-funded.
- BBC determined contract and subcontract size based on dollars at time of contract award, unless these data were not available, in which case payments to the prime contractor and/or subcontractor were used.
- BBC differentiated between dollars going to prime contractors and to subcontractors.
 - Subcontract dollars are the dollar amounts committed to subcontractors at time of award or at time of the addition of the subcontractor to the project.² If those data were not available, BBC used information from invoices, information from prime contractors or other sources.
 - BBC calculated the dollars to the prime contractor as the total contract amount less the dollars listed for any subcontractors/suppliers.

¹ One dollar of FHWA funding causes ODOT to treat a contract as FHWA-funded even if state or local funding is also involved.

² This method of collecting subcontracting data ensured consistency in the information for MBE/WBE and non-minority-owned firms.

The databases ODOT uses to track construction contracts contained relatively complete information for prime contractors and subcontractors. Prime contractors awarded construction contracts must submit information on proposed subcontractors to ODOT for approval. ODOT contract databases for engineering and other professional services contracts contain comprehensive information for the prime consultants, but not subconsultants. BBC collected information on subconsultants performing work on ODOT engineering and related professional services contracts through the following steps:

- The study team collected hardcopy contract files for contracts with at least one task order or agreement valued at more than \$100,000 awarded during the study period. ODOT engineering-related contract elements exceeding \$100,000 tend to have the most opportunities for utilization of subconsultants.
- For each of these 257 contracts, BBC contacted the prime consultant via mail, email and phone to request information about their award and subcontractors.
- Prime consultants were asked to verify subconsultant names, contact information, award amount and amount paid during the study period.
- Responses from prime consultants were received for 206 contracts, accounting for \$143 million. Through this effort, BBC obtained data accounting for about 83 percent of professional services contract dollars for surveyed primes with contract elements exceeding \$100,000.

Appendix B provides additional information about prime contract and subcontract data collection procedures.

B. Types of ODOT Work

BBC coded prime contracts and subcontracts for ODOT transportation projects into the 15+ specific subindustries listed in Figure II-1.

Prime contracts for which the type of work could not be determined were grouped as “other construction” and “other engineering services.” These categories of work also include miscellaneous types of construction and engineering services that represent a relatively low volume of ODOT contract dollars.

Construction prime contracts. BBC identified the subindustry for each construction contract (prime contract portion) based on ODOT information in the contract files, telephone interviews with contractors, Dun & Bradstreet information about contractors and other records. ODOT classifies work into six categories:

- Grading;
- Drainage structures;
- Paving;
- Bridge;
- Traffic control; and
- Other construction.

BBC identified more specific types of work based on ODOT contract descriptions and the primary line of work for the contractor performing that work. Once BBC completed the initial coding of work types, ODOT staff reviewed these data.

Construction subcontracts, professional services prime contracts and professional services subcontracts. ODOT contract records for construction subcontracts do not include codes for work type. ODOT records for engineering and related professional services also do not contain codes for type of work involved. BBC used information about the primary line of work for firms performing these prime contracts and subcontracts to develop initial coding of these contract elements. BBC also reviewed any descriptions of work provided in ODOT contract files. Once BBC made an initial determination of work type, ODOT staff reviewed these data.

Procurements typically not included in a BBC disparity study. When examining FHWA-funded contracts, BBC identified and excluded the following types of contracts:

- Contracts that did not involve the planning, design, building, maintenance or repair of transportation infrastructure;
- Real estate or other real property (purchases or leases), legal services (which are often dollars for real property), business services and consulting; and
- Contracts with not-for-profit agencies, associations or government (however, contracts and subcontracts with tribally-owned businesses are included).

Figure II-1.
Dollars of ODOT prime contracts and subcontracts for types of work examined in the
disparity study, July 2004–June 2009

Sub-industry/procurement area	Funding Source (in thousands)		
	FHWA	Non-FHWA	Total
Construction			
Highway construction	\$1,557,854	\$235,336	\$1,793,190
Bridge construction and repair	471,644	87,510	559,154
Construction supplies	204,648	49,257	253,905
Excavation, grading and erosion control	150,506	13,277	163,782
Electrical, lighting and signals	68,749	5,508	74,258
Painting and striping	41,283	1,680	42,963
Trucking and hauling	41,656	179	41,835
Machinery and equipment	31,542	7,569	39,111
Drainage structures and utilities	32,070	2,356	34,426
Traffic control	25,143	5,624	30,767
Fencing, guardrail and barriers	24,938	3,774	28,713
Other construction services	10,774	1,448	12,222
Construction Total	\$2,660,807	\$413,519	\$3,074,326
Engineering and professional services			
Engineering services	\$135,982	\$33,352	\$169,333
Consulting and research	47,014	4,366	51,380
Surveying and mapping services	7,292	1,477	8,768
Engineering Total	\$190,287	\$39,194	\$229,481
Total	\$3,041,381	\$452,714	\$3,303,808

Note: Dollars may not add to totals due to rounding.

Source: BBC Research & Consulting.

C. Geographic Distribution of FHWA-funded Contract and Subcontract Dollars

Each state and local agency must tailor its implementation of the Federal DBE Program based on conditions in its local marketplace. Therefore, BBC examined the geographic distribution of ODOT prime contract and subcontract dollars by location of firms performing this work.

State-by-state distribution of contractors performing ODOT work. Some out-of-state construction firms have submitted pre-qualification information to ODOT, and ODOT’s bidders list for professional services contracts includes some non-local businesses. Even so, a large proportion of ODOT prime contract and subcontract dollars for construction and engineering services go to firms with locations in Oklahoma. Figure II-2 presents the percentage of July 2004–June 2009 FHWA contract dollars going to firms located in Oklahoma and surrounding states. As shown, firms with Oklahoma locations performed 87 percent of ODOT’s FHWA-funded work. Collectively, firms in surrounding states accounted for 8 percent of ODOT FHWA-funded contract dollars. Firms located beyond the states shown in Figure II-2 received 5 percent of FHWA-funded contract dollars. Based on this analysis, BBC defined the local market area as Oklahoma. BBC’s quantitative and qualitative analyses focused on the state.

Figure II-2.
Percentage of ODOT FHWA-funded prime contract and subcontract dollars awarded to firms located in Oklahoma and surrounding states, July 2004-June 2009



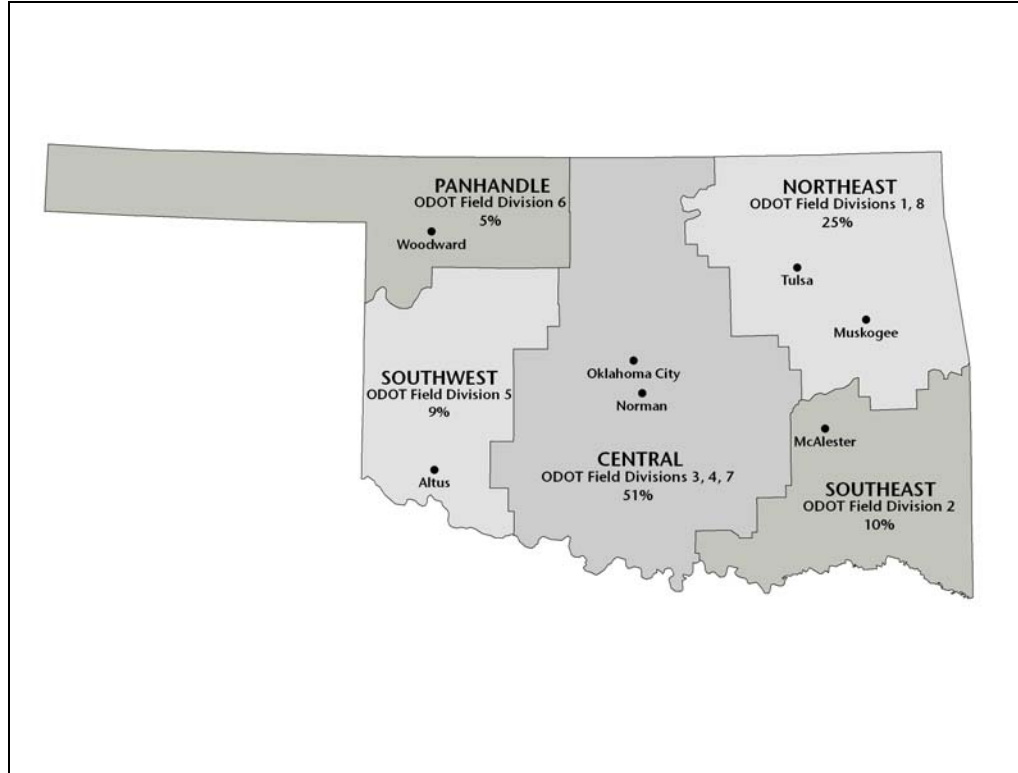
Source: BBC Research & Consulting based on ODOT contract data.

Location of work within Oklahoma. One of the factors BBC considers in determining availability of firms for specific prime contracts and subcontracts is the geographic location of the work, which makes it important to analyze the geographic distribution of work within the state. In consultation with ODOT staff, BBC defined major regions within the state based on ODOT divisions:

- *Northeast Oklahoma* includes ODOT Divisions 1 and 8;
- *Southeast Oklahoma* corresponds to Division 2;
- *Central Oklahoma* combines Divisions 3, 4 and 7;
- *Oklahoma Panhandle* corresponds to Division 6; and
- *Southwest Oklahoma* refers to Division 5.

Figure II-3 maps the dollars of contracts by project location. For example, about \$695 million of FHWA-funded contracts involved construction or engineering work on projects located in Northeast Oklahoma (note that some of the contractors doing the work in Northeast Oklahoma came from other regions).

Figure II-3.
Location of ODOT FHWA-funded projects, by dollars, for Oklahoma regions, July 2004-June 2009



Source: BBC Research & Consulting based on ODOT contract data.