

MDT DBE Goal Methodology for FAA funded contracts

Lincoln and Yellowstone Airports

Federal Fiscal Year 2018-2020



Goal Setting Requirements

- Requirements for setting overall DBE goals are specified in 49 CFR 26.45
 - http://www.ecfr.gov/cgi-bin/text-idx?SID=71458a17c336806ad78959da29fea7d9&mc=true&node=se49.1.26_145&rqn=div8
- USDOT has also provided guidance for goal setting in the DBE Program
 - <https://www.transportation.gov/osdbu/disadvantaged-business-enterprise/tips-goal-setting-disadvantaged-business-enterprise>
- MDT used both resources when preparing the FY 2018 – 2020 DBE Goal Methodology
 - http://www.mdt.mt.gov/business/contracting/docs/civil/FY18-20_DRAFT_FAA_GOAL_METHODODOLOGY.pdf

Step 1: Determining the Base Figure

- 49 CFR 26.45 (c) 1 – Use DBE Directory and Census Bureau data for work types anticipated at airports
- Lincoln Airport
 - \$356,400 for Hangar Taxilane Development
 - Design, Earthwork, Paving, Striping, Erosion Control
- Yellowstone Airport
 - \$1 Million to Modify Terminal Building and Rehab Runway
- Market area of Montana

Step 1 Calculation

NAICS Code	Description	# of DBE Firms	Total firms	% DBE Firms
237310	Highway, Street, and Bridge Construction	19	95	20.00%
238910	Site Preparation Contractors	12	371	3.23%
238110	Poured Concrete Foundation and Structure Contractors	11	187	5.88%
238210	Electrical Contractors and Other Wiring Installation Contractors	6	445	1.35%
238120	Structural Steel and Precast Concrete Contractors	2	17	11.76%
541330	Engineering Services	9	345	2.61%
561730	Landscaping Services	5	488	1.02%
236220	Commercial and Institutional Building Construction	3	181	1.66%
238140	Masonry Contractors	0	109	0.00%
238130	Framing Contractors	2	119	1.68%
238170	Siding Contractors	0	76	0.00%
238350	Finish Carpentry Contractors	2	188	1.06%
238320	Painting and Wall Covering Contractors	0	205	0.00%
238330	Flooring Contractors	0	95	0.00%
339950	Sign Manufacturing	1	33	3.03%
238220	Plumbing, Heating, and Air-Conditioning Contractors	3	556	0.54%
333922	Conveyor and Conveying Equipment Manufacturing	1	13	7.69%
541310	Architectural Services	1	130	0.77%
	Total firms (for these NAICS codes) based in Montana	77	3653	2.11%

Step 1 Base Figure

- 2.11% DBE availability
- Did not perform weighting analysis
 - Terminal construction work types for 2019-2020 are unknown at time of goal setting
- **Base Figure established at 2.11%**

Step 2: Adjustments to the Base Figure

- MDT examined all evidence to determine what adjustment, if any, is needed to the base figure:
 - Current capacity of DBEs to perform work, as measured by the volume of work DBEs have performed in recent years;
 - Evidence from disparity studies;
 - Information related to employment, self-employment, education, training and unions;
 - Any disparities in the ability of DBEs to get financing, bonding and insurance; and
 - Other relevant factors.

Current Capacity (Past Participation)

- Reviewed past participation for 6 years (FFY 2011 – 2016)
 - Only includes Yellowstone Airport (no projects at Lincoln Airport)

Year - Project	DBE Amount	Total Amount	DBE Utilization
2011 – Airfield Striping and Signage	\$30,216	\$180,663	16.73%
2011 – Master Plan & ALP Update	\$0.00	\$181,250	0.00%
2013 – Pavement Maintenance	\$0.00	\$243,961	0.00%
2014 – ARFF Building Construction	\$0.00	\$893,440	0.00%
2015 – Snow Removal Equipment Acq.	\$0.00	\$264,365	0.00%
2016 – Engineering Design for TW/Apron Reconstruction	\$0.00	\$445,738	0.00%

- Not enough past participation data for the proposed work types to justify making an adjustment to the Step 1 figure.

Disparity Study

- MDT Disparity Study completed in 2016
 - Focused on FHWA contracts, but can apply to FAA
 - Did not cover vertical (building) work types
 - Availability for horizontal work types:

NAICS Code	Disparity Study Work Type	# of DBE Firms	# of Total Firms	DBE Availability
237310	Asphalt and concrete paving	5	54	9.26%
	Temporary traffic control	5	41	12.20%
	Striping or pavement marking	1	23	4.35%
238910	Excavation, site prep, grading, and drainage	6	75	8.00%
238110	Drilling and foundations	2	46	4.35%
238210	Electrical work including lighting and signals	0	32	0.00%
238120	Structural steel work	2	32	6.25%
541330	Engineering	3	72	4.17%
561730	Landscaping and related work including erosion control	5	74	6.76%

Disparity Study (continued)

Description	# of DBE Firms	Total firms	% DBE Firms
Highway, Street, and Bridge Construction	11	118	9.32%
Site Preparation Contractors	6	75	8.00%
Poured Concrete Foundation and Structure Contractors	2	46	4.35%
Electrical Contractors and Other Wiring Installation Contractors	0	32	0.00%
Structural Steel and Precast Concrete Contractors	2	32	6.25%
Engineering Services	3	72	4.17%
Landscaping Services	5	74	6.76%
Commercial and Institutional Building Construction	3	181	1.66%
Masonry Contractors	0	109	0.00%
Framing Contractors	2	119	1.68%
Siding Contractors	0	76	0.00%
Finish Carpentry Contractors	2	188	1.06%
Painting and Wall Covering Contractors	0	205	0.00%
Flooring Contractors	0	95	0.00%
Sign Manufacturing	1	33	3.03%
Plumbing, Heating, and Air-Conditioning Contractors	3	556	0.54%
Conveyor and Conveying Equipment Manufacturing	1	13	7.69%
Architectural Services	1	130	0.77%
	42	2154	1.95%
Indicates Availability from Disparity Study			
Indicates Availability from DBE Directory and NAICS Codes			

Disparity Study (continued)

- MDT elected to use the adjusted figure of 1.95%
 - Disparity Study further refined work types
 - NAICS 237310 (Highway, Street, and Bridge Construction) 20% DBE Availability
 - Disparity Study for Paving, Traffic Control and Striping 9.32% DBE Availability

Employment, Education, Training, and Unions

- Disparity Study indicates barriers related to business ownership
 - Native Americans in the Montana construction industry were less likely than non-minorities to own construction businesses
 - Women in the Montana engineering industry were less likely than men to own engineering companies.
- MDT did not adjust for business ownership disparities
 - Disparity Study calculation was not based on vertical construction work types

Disparities in Financing, Bonding, and Insurance

- Disparity Study found quantitative and qualitative evidence of disadvantages for minorities, women and MBE/WBEs regarding access to financing and bonding.
- Effects not easily quantifiable, so MDT did not utilize for a step 2 adjustment.

Other Relevant Factors

- Success of MBE/WBEs relative to majority-owned businesses in the Montana marketplace.
 - Quantitative evidence that minority- and women-owned firms are less successful than majority-owned firms and face greater barriers in the marketplace
 - Qualitative information suggests that discrimination on the basis of race, ethnicity and gender affects minority- and women-owned firms in the Montana transportation contracting industry
- Effects not easily quantifiable, so MDT did not utilize for a step 2 adjustment.



Step 2: Adjustments to the Base Figure

- Base figure 2.11%
- Evidence from Disparity Study 1.95%
- In the goal setting document, MDT proposes an overall DBE participation goal of **1.95%** for FAA funded contracts at Lincoln and Yellowstone Airports for FFY 2018 - 2020

Race Conscious / Race Neutral Evaluation

- 49 CFR 26.51 -You must meet the maximum feasible portion of your overall goal by using race-neutral means of facilitating race-neutral DBE participation.
- Past DBE utilization ranged from 0% to 16%
- MDT proposes to meet overall goal solely through race neutral means

Race Neutral Initiatives

- Size of prime contracts
 - Small businesses can reasonable perform
- Relationships with trade organizations
 - Training and education about DBE program, DBE firms and overall goal
- Supportive Services to DBEs
 - Training and assistance to enable DBEs to successfully compete in their marketplace.

Monitoring of Goal

- MDT monitors DBE utilization on a monthly basis as well as through annual Uniform Reports.
- If Uniform Reports indicate MDT fell short or will fall short of meeting the overall goal, MDT will re-evaluate how much of the overall goal can be met through race neutral means and will implement race conscious measures (project specific goals) to meet the remainder of the goal.



Public Comment

- We want your feedback on the Draft Goal Methodology
 - http://www.mdt.mt.gov/business/contracting/docs/civil/FY18-20_DRAFT_FAA_GOAL_METHODODOLOGY.pdf
- Comments can be provided via the following methods:
 - Verbal testimony: at Public Hearings
 - Email: mhandl@mt.gov
 - Mail: MDT Office of Civil Rights, PO Box 201001, Helena, MT 59620
- Comments accepted through June 9, 2017.

Goal Methodology

Next Steps

- Comments will be reviewed after June 9th
- Goal Methodology will be updated with a summary of comments and any adjustments and submitted to FAA by August 1, 2017
- FAA will review
- New DBE goal implemented by October 1, 2017.



For More Information

- See DBE website:

<http://www.mdt.mt.gov/business/contracting/civil/dbe.shtml>

- Contains:

- 2016 Disparity Study Report
- Draft Goal Methodology for Yellowstone and Lincoln Airports
- Ways to provide public comment (in Public Hearing Information document)

Reminder: ALL comments are due by June 9, 2017.

Comments or Questions?



Vendor Survey

- <https://www.surveymonkey.com/r/MDTVendors>
 - Complete by June 2, 2017