

**FAA DBE Goal Methodology
Yellowstone Airport (WYS)
Montana Department of Transportation
Federal Fiscal Year 2022-2024 (Revised)**

The Montana Department of Transportation (MDT), in accordance with United States Department of Transportation (USDOT) guidelines, determines MDT's Disadvantaged Business Enterprise (DBE) Goal for Federal Aviation Administration (FAA) funded contracts on a staggered three-year schedule.

MDT calculates the goal using the criteria set forth in 49 CFR Part 26.45. The determination of the level of DBE participation is based on the availability of all DBE businesses that are ready, willing, and able to participate in FAA-assisted contracts in the State of Montana in relationship to all comparable businesses which are known to be available to compete for FAA-assisted contracts.

For Federal Fiscal Year (FFY) 2022 – 2024, MDT established an overall DBE goal of 3.2% for Yellowstone Airport to be accomplished through race neutral means. In FFY 2023, MDT completed a Disparity Study that included airports. As a result, MDT updated the goal methodology for Yellowstone Airport for projects that have not yet been awarded and has established an overall DBE goal of 5.1% for FFY 2024.

This methodology and the supporting evidence comply with the requirements of the federal regulations and federal guidance, as well as relevant court decisions, including *Western States Paving v. Washington State Dept. of Transportation*, 907 F.3d 963 (9th Cir. 2005).

For Federal Fiscal Years 2022 through 2024, the following projects are anticipated or were awarded for the Yellowstone Airport:

Contracts FFY 2022 – \$18,759,964 - awarded

- Project 1 – Construct Terminal – Foundation
- Project 2 – Architectural, Engineering, and Grant Administration for Terminal Construction

Contracts FFY 2023 – \$24,171,346 - awarded

- Project 1 – Construct Terminal – Vertical Construction
- Project 2 – Architectural, Engineering, and Grant Administration for Site Civil Construction
- Project 3 – Construct Onsite Water Improvements
- Project 4 – Construct Onsite Sewer Improvements
- Project 5 – Construct New Access Road

Contracts FFY 2024 – \$286,977

Project 1 – Acquire ARFF Equipment (Turnout Gear and Self-Contained Breathing Apparatus)

Project 2 – Rehabilitate Taxiway and Apron (pavement maintenance - crack seal, seal coat, striping)

Step 1: Determining the Base Figure

For the Step 1 Base Figure, MDT determined the relative DBE availability in accordance with 49 CFR Part 26.45 (c)(3), which is to use data from a disparity study. MDT utilized data from the 2022 Disparity Study compiled by BBC Research & Consulting (BBC) to set the base figure. According to the report, 91% of all relevant contracting and procurement dollars during the study period went to firms located within Montana^a. Therefore, Montana was determined to be the relevant geographic market area (RGMA). To examine availability, BBC used a custom-census approach that focused on airport construction and professional services work types that the NPIAS (National Plan of Integrated Airport Systems) airports in Montana awarded as prime contracts and subcontracts during the study period. BBC developed the availability database through surveys of businesses, located in the RGMA, that perform work in airport construction and professional services industries relevant to MDT contracting.

Table 1 calculates the DBE availability using the 2022 Disparity Study data and anticipated work types and associated costs for all projects that have not been awarded at Yellowstone Airport. Appendix A provides the cost breakdown by project and the weighted DBE goal associated with the costs.

Table 1 – Weighted DBE Availability

Construction					
Asphalt paving	\$ 177,660.00	9.0%	0%	9.0%	\$15,920
Professional Services					
Engineering	\$ 72,565.00	12.2%	0%	12.2%	\$8,829
National Industry Products or Services - No Local Availability					
ARFF Equipment	\$ 36,752.00		0%		\$0
<i>*National Market products or services are those for which local firms cannot compete with a national vendor, resulting in no local availability</i>					
Sum of Available Work Item Amounts:					\$24,748
Total Project Amount:					\$286,977
Base Contract Goal:					8.6%

Step 2: Adjustments to the Base Figure

During Step 2, MDT examined all evidence available in its jurisdiction to determine what adjustment, if any, is needed to the base figure to arrive at the overall DBE participation goal. MDT considered the following Step 2 adjustments:

^a 2022 MDT Disparity Study, Chapter 3.

- Current capacity of DBEs to perform work, as measured by the volume of work DBEs have performed in recent years;
- 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

To determine the impacts of the current local market conditions and work performed by DBE firms in recent years, MDT reviewed the Uniform Report of DBE Awards or Commitments and Payments from Federal Fiscal Years 2014-2020. As shown in Table 2, Yellowstone Airport had two years with similar rehabilitation projects and only one year with DBE participation.

Table 2 – DBE Utilization for Federal Fiscal Years 2014 through 2020

Federal Fiscal Year	% DBE Utilization	Work Type
2020	0%	Conduct Environmental Study
2019	1.6%	Rehabilitate Runway 01/19
2018	n/a	No grants awarded during this period
2017	n/a	No grants awarded during this period
2016	0%	Conduct Airport Master Plan, Construct Helipad, Install Apron Lights, NAVAIDS, Rehab Apron and Taxiway
2015	0%	Rehabilitate Apron and Taxiway, Remove Obstructions
2014	0%	Construct Aircraft Rescue & Fire Fighting Building

DBE utilization ranged from a high of 1.6% of total dollars to a low of 0.0%. USDOT’s “Tips for Goal Setting” indicates that the goal setting process will be more accurate if using the median of your past participation to make an adjustment because the process of determining the median excludes all outliers (abnormally high or abnormally low) past participation percentages.^b Since not all projects were similar to the anticipated projects, MDT chose to use the one year of participation from a pavement rehabilitation project to make a current capacity adjustment to the Step 1 figure rather than the median.

Employment, Education, Training, and Unions

The 2022 Disparity Study conducted analysis related to marketplace conditions in Montana and found that there are barriers that certain minority groups and women face related to human capital, financial capital, and business ownership in Montana. Specifically, Native Americans working in the Montana construction industry were less likely than non-minorities to own construction businesses and Hispanic

^b Tips for Goal-Setting in the Disadvantaged Business Enterprise (DBE) Program, Part III A 5 <https://www.transportation.gov/osdbu/disadvantaged-business-enterprise/tips-goal-setting-disadvantaged-business-enterprise>

Americans were less likely than non-minorities to own a professional services business. The 2022 Disparity Study indicated that Native American owned firms did not experience substantial disparities on airport work, so we did not make an upward adjustment for this factor.

Financing, Bonding, and Insurance

The 2022 Disparity Study found quantitative and anecdotal evidence that minorities, women, and minority- and women-owned firms in Montana do not have the same access to financing, bonding, and insurance as those owned by white American men. Although the analysis indicates an upward adjustment could be made to address these barriers, the impact of those factors could not be quantified.^c As a result, MDT chose not to make this Step 2 adjustment.

Other Factors

The other factors examined in the 2022 Disparity Study were related to success of minority- and women-owned firms relative to majority-owned businesses in the Montana marketplace. The Study noted quantitative and anecdotal evidence that minority- and women-owned firms are less successful than majority-owned firms and face greater barriers in the marketplace.^d Although the analysis indicates an upward adjustment could be made to address these barriers, the impact of those factors could not be quantified. As a result, MDT chose not to make this Step 2 adjustment.

Final Step 2 Adjustments to Step 1 Base Figure

After examining all evidence available and evaluating all Step 2 adjustment criteria, MDT determined that the past participation adjustment is most appropriate to account for current DBE capacity. MDT will apply the past DBE participation (1.6%) to the Step 1 Base Figure (8.6%) by calculating the average:

$$(8.6 + 1.6) / 2 = 5.1\%$$

MDT adjusts the Step 1 Base Figure to an overall DBE participation goal of 5.1% for FFY 2024.

Race Conscious / Race Neutral Evaluation

The 2022 Disparity Study indicated that race- and gender-conscious means may need to be implemented for the portion of the overall goal that cannot be met solely through race neutral measures. While race- and gender-conscious methods may be used, MDT has shown through DBE utilization at other airports and through other Department of Transportation Operating Administrations that it can meet its overall DBE goal solely through race neutral measures. Furthermore, to comply with 49 CFR 26.51, where the maximum feasible portion of the overall DBE goal must be met through race- and gender-neutral measures MDT proposes to meet the overall goal solely through race neutral measures. If the Uniform Report indicates that the Airport fell short or will fall short of meeting the overall goal, MDT will re-evaluate how much of the overall goal can

^c 2022 MDT Disparity Study, Chapter 10.

^d 2022 MDT Disparity Study, Chapter 10.

be met through race neutral means and implement race conscious measures (i.e. project specific goals) to meet the remainder of the goal.

Race Neutral Initiatives

To meet the FFY 2024 DBE goal of 5.1%, MDT is committed to implementing race neutral measures that encourage small business and DBE participation. MDT has implemented several race neutral measures to ensure the maximum feasible portion of the overall goal is achieved through race neutral means, in accordance with 49 CFR 26.51. These include:

- A networking meeting with different Montana airports, consultants, and contractors to encourage relationship building and opportunities to partner on upcoming airport projects
- A Quote Request System that allows a prime contractor to solicit bids from DBE and SBE firms. <https://app.mdt.mt.gov/dbeq/>
- Ensuring a reasonable number of prime contracts are of a size that small businesses can reasonably perform. As indicated in the 2016 Disparity Study, more than one-half of MDT's projects were categorized as being small contracts (under \$250,000).

MDT provides the following Supportive Services for DBEs and SBEs:

- Long-term development assistance to increase opportunities
- Trainings in contracting procedures
- Assistance to start-up firms; and
- Identification of potential DBEs and SBEs

Submission and Publication of Goal

On July 20, 2021, MDT published its proposed DBE goal and methodology (FFY 2022-2024) for contracts at Yellowstone Airport using FAA funds. MDT posted the information on MDT's website and sent the information to interested parties, including MDT's certified DBE firms.

The proposed Goal Methodology was available for review on MDT's website and at MDT's Headquarters Building, Office of Civil Rights, 2701 Prospect Avenue, Room 201, Helena, Montana.

MDT held a virtual public meeting on July 21, 2021, concerning the proposed overall DBE goal, which had 14 attendees. Public comments were accepted through verbal testimony at the hearing, email, or mail. There was discussion during the hearing on:

- How to find subcontract opportunities at different airports throughout Montana
- If meeting the DBE goal is based on individual projects or the year

The comments did not impact the proposed overall goal methodology, so no changes were made.

As a result of new Disparity Study information, MDT updated its goal for FFY 2024 and conducted a public meeting on June 28, 2023. MDT is seeking public comments about its proposed overall three-year DBE goal. Comments can be provided in the following ways:

- Email: mdtdbeprogram@mt.gov
- Mail: MDT Office of Civil Rights, PO Box 201001, Helena, MT 59620

MDT will review all comments and make any necessary adjustments to the goal and submit to FAA by August 1, 2023.

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Appendix A – Weighted Step 1 DBE Goal by Project

FY 2024 Project 1: Acquire ARFF Equipment					
Work Type	Work Item Amount	Item Availability	Item Availability Adjustment	Final Item Availability	Available Work Item Amount
National Industry Products or Services - No Local Availability					
ARFF Equipment	\$ 36,752.00		0%		\$0

**National Market products or services are those for which local firms cannot compete with a national vendor, resulting in no local availability.*

Sum of Available Work Item Amounts: \$0
Total Project Amount: \$36,752

Base Contract Goal:	0.0%
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FY 2024 Project 2: Rehabilitate Taxiway and Apron

Work Type	Work Item Amount	Item Availability	Item Availability Adjustment	Final Item Availability	Available Work Item Amount
Construction					
Asphalt paving	\$ 177,660.00	9.0%	0%	9.0%	\$15,920
Professional Services					
Engineering	\$ 72,565.00	12.2%	0%	12.2%	\$8,829

Sum of Available Work Item Amounts: \$24,748
Total Project Amount: \$250,225

Base Contract Goal:	9.9%
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