



**long beach**  
airport

**Federal Aviation Administration (FAA)  
Overall Disadvantage Business Enterprise (DBE)  
Goal-Setting Methodology**

**Fiscal Federal Years (FFY) 2018-2020**

**Goal Period**

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## Table of Contents

I.	INTRODUCTION .....	3
II.	BACKGROUND .....	3
III.	FAA-ASSISTED CONTRACTING PROGRAM FOR FFY 2018-2020 .....	3
IV.	GOAL METHODOLOGY .....	4
	A. Step 1: Determination of a Base Figure (26.45) .....	4
	B. Step 2: Adjusting the Base Figure .....	6
	1) Past DBE Goal Attainments .....	6
	2) Disparity Study .....	7
	3) Other Available Evidence .....	7
V.	PROPOSED OVERALL DBE GOAL .....	7
VI.	RACE-NEUTRAL IMPLEMENTATION MEASURES .....	7
VII.	PUBLIC PARTICIPATION AND FACILITATION .....	9

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# DBE GOAL METHODOLOGY

## I. INTRODUCTION

The City of Long Beach Airport Department (LGB) herein sets forth its Overall Disadvantaged Business Enterprise (DBE) Goal and corresponding federally prescribed goal-setting methodology for the three-year Federal Fiscal Year (FFY) goal period of 2018-2020 (October 1, 2017 through September 30, 2020), pursuant to Title 49 Code of Federal Regulations (CFR) Part 26 “Participation by Disadvantaged Business Enterprises in U.S. Department of Transportation Programs.” The purpose of the DBE goal-setting process is to level the playing field so that DBEs can compete fairly for Department of Transportation-assisted contracts, however, the program must be narrowly tailored in accordance with applicable law.

## II. BACKGROUND

LGB is a recipient of U.S. Department of Transportation (USDOT), Federal Aviation Administration (FAA), funding. As a condition of receiving this assistance, LGB signed an assurance that it will comply with FAA’s DBE requirements. In accordance with Title 49 CFR Part 26 provisions: Participation by DBEs in USDOT Programs, LGB is required to develop and submit a Triennial Overall DBE Goal for its FAA-assisted projects.

LGB herein presents its Overall DBE Goal Methodology for FFY 2018-2020.

## III. FAA-ASSISTED CONTRACTING PROGRAM FOR FFY 2018-2020

Table 1 represents the LGB FAA-assisted contracting program, which consists of projects considered in preparing this goal methodology. The projects, which include Construction, Professional Services and Materials/Supplies contracting opportunities, are anticipated to be awarded during the triennial period:

**Table 1**

Project Name and Description	Total Estimated Project Cost	Estimated FAA Dollar Share	Estimated FAA % Share
Txwy C Runway Rehabilitation	\$17,500,000	\$15,865,500	90.7%
Txwy L Runway Rehabilitation	\$13,800,000	\$12,511,080	90.7%
	<b>\$31,300,000</b>	<b>\$28,376,580</b>	<b>90.7%</b>

LGB does not reallocate any FAA funds to subrecipients.

Table 2 provides a summary of the categories of work with estimated cost breakdown for each. Categories of work are groups utilizing comparable North American Industry Classification System (NAICS) codes for purposes of weighting the categories of work based on the staff estimates.

**Table 2**

NAICS Code	Category of Work	Estimated FAA Dollars by NAICS	Estimated FAA % by NAICS
237310	Highway, street, and bridge construction	\$9,970,418	35.14%
238210	Electrical contractors and other wiring installation contractors	\$2,672,395	9.42%
238910	Site preparation contractors	\$1,003,486	3.54%
324121	Asphalt paving mixture and block manufacturing	\$554,479	1.95%
115112	Soil preparation, planting, and cultivating	\$2,939,131	10.36%
237110	Water and sewer line and related structures construction	\$104,527	0.37%
327320	Ready-mix concrete manufacturing	\$4,406,326	15.53%
327332	Concrete pipe manufacturing	\$100,977	0.36%
335129	Other lighting equipment manufacturing	\$308,648	1.09%
335932	Noncurrent-Carrying Wiring Device Manufacturing	\$231,976	0.82%
339950	Sign manufacturing	\$117,343	0.41%
423320	Brick, stone, and related construction material merchant wholesalers	\$946,904	3.34%
423610	Electrical apparatus and equipment, wiring supplies, and related equipment merchant wholesalers	\$1,164,422	4.10%
541380	Testing laboratories	\$2,710,171	9.55%
541360	Geophysical surveying and mapping services	\$979,387	3.45%
561730	Landscaping services	\$114,361	0.40%
562910	Remediation services	\$51,630	0.18%
<b>TOTAL</b>		<b>\$28,376,580</b>	<b>100.0%</b>

#### IV. GOAL METHODOLOGY

##### A. Step 1: Determination of a Base Figure (26.45)<sup>1</sup>

The Federal DBE program requires agencies to implement the DBE program based on information from the relevant geographic market area—the area in which the agency spends the substantial majority of its contracting dollars.

The LGB local market for contracts consists of a geographic area that is:

- where a large majority of contracting dollars is expended, and
- where a substantial number of contractors and subcontractors are located and available to submit bids or quotes.

The LGB bidder’s list was reviewed, and it confirms this market area.

To establish the LGB Base Figure of the relative availability of DBEs relative to all comparable firms (DBE and Non-DBE) available to bid or submit proposals on LGB FAA-assisted contracting opportunities projected to be solicited during the triennial goal period, LGB followed the prescribed federal methodology to determine relative availability. This was accomplished by assessing the *California Unified Certification Program (CUCP) DBE Database of Certified Firms* and the 2016 U.S.

<sup>1</sup> 26.45 represents Title 49 CFR Part 26 regulatory goal setting methodology reference.

Census Bureau County Business Patterns Database within the LGB market area (defined as Los Angeles and Orange counties) for each of the categories of work defined in Table 2.

In accordance with the formula listed below, the Base Figure is derived by:

- dividing the number of ready, willing and able DBE firms identified for each NAICS work category by the number of all firms identified within the LGB market area for each corresponding work category (*relative availability*),
- weighting the relative availability for each work category by the corresponding work category weight from Table 2 (*weighted ratio*), and
- adding the weighted ratio figures together.

$$\text{Base Figure} = \sum \frac{(\text{Number of Ready, Willing and Able DBEs})}{(\text{Number of All Ready, Willing and Able Firms})} \times \text{weighted ratio}$$

⇒ For the numerator: CUCP DBE Database of Certified Firms

⇒ For the denominator: 2016 U.S. Census Bureau County Business Patterns Database

A concerted effort was made to ensure that the scope of businesses included in the numerator were as close as possible to the scope included in the denominator. The result of the Base Figure calculation is shown in Table 3 as follows:

**Table 3**

NAICS Code	Category of Work	Estimated FAA % by NAICS	DBEs	All Firms	Weighted Ratio
237310	Highway, street, and bridge construction	35.1%	45	146	10.83%
238210	Electrical contractors and other wiring installation contractors	9.4%	57	2758	0.19%
238910	Site preparation contractors	3.5%	24	519	0.16%
324121	Asphalt paving mixture and block manufacturing	2.0%	0	23	0.00%
115112	Soil preparation, planting, and cultivating	10.4%	0	13	0.00%
237110	Water and sewer line and related structures construction	0.4%	35	135	0.10%
327320	Ready-mix concrete manufacturing	15.5%	1	75	0.21%
327332	Concrete pipe manufacturing	0.4%	0	0	0.00%
335129	Other lighting equipment manufacturing	1.1%	0	18	0.00%
335932	Noncurrent-Carrying Wiring Device Manufacturing	0.8%	0	0	0.00%
339950	Sign manufacturing	0.4%	5	238	0.01%
423320	Brick, stone, and related construction material merchant wholesalers	3.3%	5	130	0.13%
423610	Electrical apparatus and equipment, wiring supplies, and related equipment merchant wholesalers	4.1%	20	966	0.08%
541380	Testing laboratories	9.6%	28	312	0.86%

NAICS Code	Category of Work	Estimated FAA % by NAICS	DBEs	All Firms	Weighted Ratio
541360	Geophysical surveying and mapping services	3.5%	3	10	1.04%
561730	Landscaping services	0.4%	15	1849	0.00%
562910	Remediation services	0.2%	25	137	0.03%
<b>TOTAL</b>					<b>13.64%</b>

**B. Step 2: Adjusting the Base Figure**

Upon establishing the Base Figure, LGB reviewed and assessed other known evidence potentially impacting the relative availability of DBEs within the market area, in accordance with prescribed narrow tailoring provisions as set forth under 49 CFR Part 26.45: Step 2, DBE Goal Adjustment Guidelines.

Evidence considered in making adjustments to the Base Figure included Past DBE Goal Attainments and Other Evidence, as follows:

**1) Past DBE Goal Attainments**

Historical DBE participation attainments provide demonstrable evidence of DBE availability and capacity to perform on LGB projects. The projects anticipated to be awarded during the triennial period are substantially similar to those awarded in the recent past. LGB proceeded to calculate past DBE participation attainments for the three (3) federal fiscal years, for which DBE attainment data is available. The table below reflects the demonstrated capacity of DBEs (measured by actual historical DBE participation attainments) on FAA-assisted contracts awarded by LGB within the last three (3) federal fiscal years.

**Table 4**

FEDERAL FISCAL YEAR (FFY)	FAA DBE GOAL ATTAINMENT %
2014/2015	8.2%
2015/2016	2.4%
2016/2017	1.6%
<b>Median DBE Attainment Within the Last Three (3) Years</b>	<b>2.4%</b>

The median established for the past three years is lower than the Base Figure derived from Step 1; therefore, an adjustment to the Base Figure based on LGB past DBE goal attainments has been made. The adjustment is calculated in accordance with FAA guidance by averaging the Base Figure with the median DBE Past Attainment, as shown below.

Base Figure (A)	13.64%
Median DBE Attainment (B)	2.4%
<b>Adjusted Base Figure [(A+B)/2]</b>	<b>8.0%</b>

## 2) Disparity Study

LGB has reviewed the 2016 Caltrans Disparity Study and has determined that the type of work forms is significantly different from LGB projects; therefore, LGB will not be making adjustments to the base figure based on the Caltrans Disparity Study.

LGB uses a strictly race-neutral DBE program since the Western States decision. If LGB fails to reach its goal for one more complete federal fiscal year, LGB will re-evaluate its DBE program to determine whether contract goals are necessary to achieve the overall goal. If after re-evaluation LGB believes a race-conscious program is necessary, as required by Western States, LGB will gather evidence to determine if discrimination in the transportation contracting industry is present. LGB will make a determination at that time what type of evidence gathering is appropriate, based on DOT regulations and case law.

## 3) Other Available Evidence

LGB is not in possession of other information that would have an impact on the DBE goal assessment.

# V. PROPOSED OVERALL DBE GOAL

**The Final Proposed Overall DBE Goal for FFY 2018-2020 for LGB FAA-assisted contracts is 8.0%.**

The DBE Goal based on the federal share is a Race Neutral goal and LGB will implement race neutral measures to achieve this goal, as generally described in the following section. As a part of the prescribed goal-setting methodology, LGB must project the percentage of its Proposed Overall DBE Goal that can be met utilizing race-neutral and race-conscious measures.

### Race-Conscious & Race-Neutral Projection

The United States Department of Transportation (USDOT) regulations require that race-neutral methods be used to the maximum extent feasible to reach the DBE overall goal. Due to the emphasis on race-neutral methods, LGB will increase the use the race-neutral measures listed below. LGB will carefully monitor participation during the course of the goal period. At the conclusion of each year during the goal period, LGB will re-evaluate the effectiveness of the race-neutral measures and determine if it is necessary to institute a race conscious portion and contract specific goals.

LGB intends to continue to use race-neutral methods to meet the overall DBE goal of 8.0% for FFY 2018-2020 in accordance with Title 49 CFR Part 26.51.

RACE-CONSCIOUS & RACE-NEUTRAL PROJECTIONS	
DBE Adjusted Base Figure	8.0%
Race-Neutral Component	8.0%
Race-Conscious Component	0.0%

# VI. RACE-NEUTRAL IMPLEMENTATION MEASURES

LGB is currently implementing a number of race- and gender-neutral remedies. In order to outreach and promote the participation of DBEs and small businesses in the LGB FAA-assisted contracting program and

to increase the effectiveness of these remedies, LGB plans to enhance the existing remedies with specific action for FFY 2018-2020 and will continue to explore other options for consideration based on LGB success in meeting its overall DBE goals based on these efforts. LGB will:

- LGB will encourage DBE and other small business contracting community to register and receive solicitation notices through its on-line procurement website:  
<https://www.planetbids.com/portal/portal.cfm?CompanyID=18046>
- Unbundle solicitations, provide pre-bid/pre-proposal conferences to afford networking opportunities for primes and subcontractors. LGB will promote and encourage teaming opportunities between prospective prime contractors and the DBE and small business contracting community. Arrange solicitations, times for the presentation of bids, quantities, specifications, and delivery schedules in ways that facilitate DBE and other small business participation. Planned enhancement(s) include:
  - LGB will encourage prime contractors to identify subcontracting work that DBEs may bid on.
  - LGB will provide greater detail on the importance of the DBE program at pre-bid/proposal meetings.
  - LGB will invite all DBEs in the market area that perform the type of work included in a solicitation to the pre-bid/proposal meeting.
  - LGB will provide time before or after pre-bid/proposal meetings to allow for prime and subcontractor networking.
  - LGB will disseminate bid opportunity information to Minority and Women Business Organizations within the market area.
- LGB will offer instructions and clarification on bid specifications, procurement policy, procedures, and general bidding requirements. LGB will provide information on sub-contracting practices and bonding requirements and provide instructions and clarification on job performance requirements. Planned enhancement(s) include:
  - LGB will review and revise solicitation language to provide a greater emphasis on the importance of the DBE program.
  - LGB will utilize the California Unified Certification Program website to provide prospective bidders with a list of all DBEs in the market area that perform the type of work included in a solicitation:  
[http://www.dot.ca.gov/hq/bep/find\\_certified.htm](http://www.dot.ca.gov/hq/bep/find_certified.htm)
- Maintain a file of successful bid documents from past procurements and permit potential participants to review and evaluate such documents. Planned enhancement(s) include:
  - LGB will offer unsuccessful DBE bidders the opportunity for a debrief to help them understand areas in which they can improve their bid/proposal in the future.
  - LGB will utilize new methods for monitoring DBE participation including revised DBE payment forms for projects with DBE contractors.
- Host and participate in workshops for the DBE and small business contracting community. Planned enhancement(s) include:
  - LGB will attend and participate in vendor fairs hosted by other public agencies in order to learn about best practices for DBE and small business inclusion on procurement.
- As a supportive service to help develop and improve immediate and long-term business management, record keeping, and financial and accounting capability for DBEs and other small businesses, LGB will actively promote the small business conferences, programs, and support services offered by other

agencies that have established DBE and other small business programs. Planned enhancement(s) include:

- LGB will refer DBEs and other small businesses to the local Small Business Development Centers, and other local government related entities for technical assistance and other business development services.
- LGB will advise its contracting community of the online directory of certified DBEs, found at the California Unified Certification Program website:  
[www.dot.ca.gov/hq/bep/find\\_certified.htm](http://www.dot.ca.gov/hq/bep/find_certified.htm)
- LGB will advise the contracting community of the available small businesses certified by the California Department of General Services (DGS):  
<http://www.dgs.ca.gov/pd/Programs/eprocure.aspx>
- LGB will advise the DBE and small business community to participate in Caltrans' related bidding/proposal opportunities at <http://www.dot.ca.gov/hq/esc/oe/>. LGB will also encourage DBEs and small businesses to seek the assistance and training through the U.S. Small Business Administration at [www.sba.gov](http://www.sba.gov).

#### **Fostering Small Business Participation<sup>2</sup>**

LGB has implemented several strategies to foster small business participation in its contracting process. These include the following:

- Conducting "How to do Business with LGB" and DBE workshops.
- On larger prime contracts requiring the prime contractor to consider subcontracting opportunities of a size that small businesses, including DBEs, can reasonably perform, rather than self-performing all the work involved.
- Identifying alternative acquisition strategies and structuring procurements to facilitate the ability of consortia or joint ventures consisting of small businesses, including DBEs, to compete for and perform prime contracts.
- Ensuring that a reasonable number of prime contracts are of a size that small businesses, including DBEs, can reasonably perform.
- Provide outreach to current LGB contractors or past LGB contractors who may qualify for DBE-certification by encouraging them to seek and obtain DBE-certification.

## **VII. PUBLIC PARTICIPATION AND FACILITATION**

In accordance with Public Participation Regulatory Requirements of Title 49 CFR Part 26, minority, women, local business associations, and community organizations within the LGB market area will be consulted and provided an opportunity to review the triennial goal analysis and provide input.

LGB plans to issue a Public Notice on the website publishing the LGB Draft Proposed FAA Overall DBE Goal-Setting Methodology for FFY 2018-FFY 2020. The notice will inform the public that the proposed goal and rationale are available for inspection at the LGB principal office during normal business hours and LGB

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<sup>2</sup> See Title 49 CFR Part 26 Section 26.39 "Fostering Small Business Participation."

would accept comments on the goal analysis for 30 days. LGB will give full consideration to all comments and input received as a part of this process.

LGB will also reached out to local minority, women, and community business organizations to provide them information on the LGB DBE program and specifically the Draft Proposed FAA Overall DBE Goal-Setting Methodology for FFY 2018-2020. Each organization will be contacted and given an opportunity for a one-on-one meeting or to participate in a webinar. All comments received, and a summary of all comments received will be included in the final document.

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