



Southern California

LOGISTICS AIRPORT

**SOUTHERN CALIFORNIA LOGISTICS AIRPORT
DISADVANTAGED BUSINESS ENTERPRISE (DBE)
OVERALL DBE GOAL AND METHODOLOGY
FOR
FEDERAL FISCAL YEARS (FFY) 2019-2021**

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(Covering the period of October 1, 2018 to September 30, 2021)

I. INTRODUCTION

The City of Victorville's Southern California Logistics Airport (hereinafter referred to as "SCLA") is required to develop and submit a Disadvantaged Business Enterprise (DBE) Overall Goal for DBE participation as a condition of receiving federal assistance, pursuant Moving Ahead for Progress in the 21st Century; 49 CFR Part 26 "Participation by Disadvantaged Business Enterprises in U.S. Department of Transportation Programs" and the Federal Aviation Administration (FAA) Master Funding Agreement.

II. BACKGROUND

Effective March 3, 2010, the United States Department of Transportation ("DOT") issued a final rule affecting the implementation and management of the Department's Disadvantaged Business Enterprise ("DBE") program. The final rule required submission of a goal-setting methodology on a three-year cycle. Pursuant to this final rule, the SCLA is required to conduct an annual review to account for changes that may warrant an adjustment to the overall goal or make an adjustment based on changed circumstances (i.e. significant change in the legal standards governing the DBE program, new contracting opportunities presented by the availability of new or different grant opportunities, etc.) to ensure the goal and program as a whole are narrowly tailored throughout the goal period. Under the three-year schedule, the SCLA DBE goal and methodology submission is due to FAA on August 1, 2018 for proposed FAA funded contracting activities for Federal Fiscal Years (FFY) 2019-21.

SCLA herein presents its Proposed Overall DBE Goal Methodology for FFY 2019-21 goal period, which resulted in a 7% Overall DBE Goal.

III. DOT-ASSISTED CONTRACTING PROGRAM FOR FFY 2016-2018

Table 1 represents the SCLA U.S. DOT-assisted (FAA) contracting program, which includes three (3) projects considered in preparing its ***Overall DBE Goal-Setting Methodology***. The projects: the AWOS Relocation , Reconstruct Runway 17/35 (Phase III) and Reconstruct Runway 17/35 (Phase IV) have viable subcontracting possibilities, a required criterion for Overall Goal consideration, and are anticipated to be awarded within FFYs 2019-2021.

Table 1

PROJECT	Total Estimated Project Cost (Federal Share)
AWOS Relocation	\$292,500
Reconstruct Runway 17/35 (Phase III)	\$5,900,000
Reconstruct Runway 17/35 (Phase IV)	\$4,900,000
TOTAL	\$11,092,500

Table 2 provides a summary of work grouped into one (3) primary categories: Construction, Professional Services, and Materials and Supplies, utilizing the North American Industry Classification System (NAICS) work categories and comparable 2016 Census Business Patterns NAICS Work Codes. **Table 2** also serves to identify the estimated Federal Dollar Share and the Percent of Federal funding, as follows:

Table 2

CONTRACT CATEGORY	NAICS WORK CATEGORIES¹	ESTIMATED FEDERAL DOLLAR SHARE	% OF FEDERAL FUNDING (Rounded)
Construction	237110, 237310, 238110, 238210, 238910, 238990, 484110, 484220, 561730	\$7,053,155	63.6%
Professional Services	524126, 524210, 541310, 541330, 541360, 541370, 541380, 541512, 541611, 541620, 541690, 541990, 561110, 561612	\$2,008,510	18.1%
Materials	212312, 212313, 212319, 324121, 327320, 327390, 327991, 423320, 423610, 532412	\$2,030,835	18.3%
TOTAL		\$11,092,500	100%

IV. GOAL METHODOLOGY

Step 1: Determination of a Base Figure (26.45)²

To establish the SCLA's Base Figure of the relative availability of DBEs to all comparable firms (DBE and Non-DBEs) available to propose on the SCLA FFYs 2019-2021 DOT-assisted contracting opportunities projected to be solicited; SCLA followed one of the five prescribed federal goal-setting methodologies in accordance with 49 CFR Part 26 regulations. This was accomplished by accessing the *California Unified Certification Program (CUCP) Directory of Certified DBE Firms* and the *2016 U.S. Census Bureau County Business Patterns (CBP) Database*. Comparisons were made within the SCLA market area (defined as Los Angeles County, Orange County, Riverside County and San Bernardino County) and by specified industries and types of businesses identified in Table 2. The SCLA local market area represents where the substantial majority of the SCLA contracting dollars are expended and/or where the substantial majority of contractors and subcontractors bids or quotes are received.

SCLA made a concerted effort to ensure that the scope of businesses included in the numerator was as close as possible to the scope included in the denominator. For corresponding detail of all work category classifications grouped, refer to *Table 3*.

- ⇒ ***For the numerator:*** *California UCP DBE Database of Certified Firms*
- ⇒ ***For the denominator:*** *2016 U.S. Census Bureau's Business Pattern Database (CBP)*

To determine the relative availability of DBEs, SCLA divided the numerator³ representing the ratio of ready, willing and able DBE firms, by the denominator⁴ representing all firms (DBE and Non-DBEs) available in each work category. Application of this formula yielded the following baseline information:

$$\frac{\text{Number of Ready, Willing and Able DBEs}}{\text{Number of All Available Firms (including DBEs and Non-DBEs)}} = \text{DBE Availability \%}$$

To determine the appropriate weighting percent by NAICS, the estimated dollar value by NAICS was divided by the total estimated federal dollars for FFY 2019/21. The weighting percent by NAICS was then multiplied by the DBE Availability % to determine the Base Figure % by NAICS, see below:

$$\text{Weighting} \quad \times \quad \text{DBE Availability \%} \quad = \quad \text{Base Figure \% by NAICS}$$

To determine the Step 1 Base Figure, the SCLA added together all Base Figure % by NAICS in Table 3 below, resulting in a 19.07% that was multiplied by 70%, (to account for 30% Prime performance required on most of the County's contracts) to produce a Step 1 Base Figure of 13.35%.

² §26.45 represents Title 49 CFR Part 26 regulatory referenced section.

³ Numerator represents all DBE firms established within the County's market area.

⁴ Denominator represents all comparable available established firms.

Table 3

CATEGORY OF WORK	NAICS CODES	Weighting*	DBE Availability %	Base Figure % by NAICS
Crushed and Broken Limestone Mining and Quarrying	212312	0.26%	9.09%	0.024%
Crushed and Broken Granite Mining and Quarrying	212313	0.26%	10.00%	0.026%
Other Crushed and Broken Stone Mining and Quarrying	212319	0.26%	33.33%	0.088%
Water and Sewer Line and Related Structures Construction	237110	0.01%	31.94%	0.005%
Highway, Street, and Bridge Construction	237310	13.68%	71.96%	9.848%
Poured Concrete Foundation and Structure Contractors	238110	22.19%	12.56%	2.788%
Electrical Contractors and Other Wiring Installation Contractors	238210	1.83%	3.48%	0.064%
Site Preparation Contractors	238910	7.43%	12.14%	0.903%
All Other Specialty Trade Contractors	238990	8.09%	10.83%	0.876%
Asphalt Paving Mixture and Block Manufacturing	324121	0.23%	2.38%	0.006%
Ready-Mix Concrete Manufacturing	327320	15.85%	2.22%	0.352%
Other Concrete Product Manufacturing	327390	0.00%	8.77%	0.0004%
Cut Stone and Stone Product Manufacturing	327991	0.26%	0.00%	0.000%
Brick, Stone, and Related Construction Material Merchant Wholesalers	423320	0.58%	15.53%	0.091%
Electrical Apparatus and Equipment, Wiring Supplies, and Related Equipment Merchant Wholesalers	423610	0.53%	4.98%	0.026%
General Freight Trucking, Local	484110	6.68%	5.57%	0.372%
Specialized Freight (except Used Goods) Trucking, Local	484220	3.41%	39.46%	1.345%
Direct Property and Casualty Insurance Carriers	524126	1.46%	1.25%	0.018%
Insurance Agencies and Brokerages	524210	0.49%	0.29%	0.001%
Construction, Mining, and Forestry Machinery and Equipment Rental and Leasing	532412	0.06%	14.68%	0.009%
Architectural Services	541310	1.14%	5.83%	0.066%
Engineering Services	541330	4.01%	9.56%	0.384%
Geophysical Surveying and Mapping Services	541360	0.28%	53.85%	0.153%
Surveying and Mapping (except Geophysical) Services	541370	0.32%	33.91%	0.107%
Testing Laboratories	541380	1.92%	15.16%	0.291%
Computer Systems Design Services	541512	0.57%	7.67%	0.044%
Administrative Management and General Management Consulting Services	541611	5.39%	12.97%	0.699%
Environmental Consulting Services	541620	0.64%	52.11%	0.332%
Other Scientific and Technical Consulting Services	541690	0.16%	9.34%	0.015%
All Other Professional, Scientific, and Technical Services	541990	0.89%	10.96%	0.097%
Office Administrative Services	561110	0.49%	3.49%	0.017%
Security Guards and Patrol Services	561612	0.37%	4.62%	0.017%
Landscaping Services	561730	0.24%	1.16%	0.003%
Total:		100%		19.07%
Base Figure 19.07.% *70% (30% Prime to Perform Factor) = 13.35% 13% (Rounded to the nearest whole number)				

Step 2: Adjusting the Base Figure

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

Evidence considered in making an adjustment to the Base Figure included the *SCLA Past DBE Goal Attainments, Disparity Studies, and Other Evidence*, as follows:

A. Past DBE Goal Attainments

The following table below reflects the demonstrated capacity of DBEs (measured by historical DBE participation) on FTA-assisted contracts awarded by SCLA within the last three (3) Federal Fiscal Years:

Table 4

Year	Attainment
FFY 2016	0%
FFY 2017	0%
FFY 2018	1.2%
Median of Past Awards = 0%, <u>0%</u> , 1.2% = 1.2% Median Past Participation	

SCLA considered an adjustment to the Base Figure based on the median DBE participation on DOT-assisted contracts completed within the past three FFYs (2016/18). The median goal attainment for the past three years is less than the Base Figure derived from Step 1; therefore, an adjustment to the Base Figure based on SCLA’s past DBE goal participation has been made. As three years of DBE Participation data was reviewed and the years reviewed included projects with a similar variety in scope to the scopes projected for the 2019/21 period, SCLA can reasonably assume that the rates of DBE participation reflected are an accurate reflection of DBE capacity to perform in the 2019/21 overall goal period. The adjustment is calculated in accordance with FTA guidance by averaging the Base Figure with the Median DBE Past participation, as shown below.

$13\% \text{ Base Figure} + 0\% \text{ Median Past Participation} = 13\%$ $13/2 = 6.5\%$ <p>Adjusted Base Figure: 7% (Rounded to the nearest whole number)</p>

The formula resulted in a downward adjustment to Base Figure based from 13% to 7%.

B. SCLA Bidders List

SCLA does not have a viable Bidder’s List from a similar contract to those contracting opportunities identified and considered in the DBE Goal Analysis for federal fiscal years 2019-21. At this time SCLA does not have any information from similar Federal projects procured in

the past three years. SCLA will work to build and maintain a Bidder's List that can be utilized for future goal development. SCLA has not made an adjustment to the Adjusted Base Figure based on a Bidder's List.

C. Evidence from Disparity Studies

SCLA did not find it feasible to conduct its own independent availability/disparity study; however, SCLA identified three (3) disparity studies that included the SCLA area to consider in the assessment of whether a Race-Conscious DBE Program should be adopted by SCLA. The 3 identified Disparity Studies were the Caltrans Disparity Study, The Los Angeles County Metropolitan Transportation Authority (Metro) Disparity Study and the Reno-Tahoe Airport Authority Disparity Study.

The first Disparity Study considered was that of the California Department of Transportation (Caltrans), completed in 2019 due to the timeliness of the contracts reviewed. The Caltrans Disparity Study reviewed Construction and Engineering contracts state-wide between the years October 1, 2014 to September 30, 2017. The base figure for the relative availability of DBEs in the 2019 Disparity Study is 1.7 percent. As the Caltrans' Disparity Study included thousands of contracts from areas outside of the SCLA market area as well as projects that had no relation to the scopes included on the Chino Airport Northwest Aprons, Hot Spots and Taxi-lanes Rehabilitation Project SCLA opted to not utilize this Disparity Study to apply an adjustment to their base figure or their current race-neutral DBE application measures.

The second Disparity Study taken into consideration was John Wayne Airport (JWA)'s Disparity Study due to the similarities in market area and timeliness of the contracts reviewed. The Disparity Study included the following study period (July 1, 2010 through June 30, 2015) to determine the total percentage of transportation-related construction; architecture and engineering; professional services; goods; and other services contract dollars that minority- and woman-owned businesses received on prime contracts and subcontracts. The Caltrans Study market area included the entire state of California, while the JWA Study focused on those cities and counties in the Los Angeles-Long Beach-Anaheim, California Metropolitan Statistical Area which is more aligned with the SCLA market area. The study and the accompanying analysis found that a significant gap remained overall there remains a significant gap between the market share of M/WBE firms and their share of the State of California and Los Angeles-Long Beach, Anaheim, California MSA metro area marketplaces business population. The Study made several recommendations, inclusive of a small business program as a part of the DBE Program, stronger oversight and compliance of DBE measures and clear application of DBE goal-setting.

The third Disparity Study taken into consideration was the 2015 Reno-Tahoe Airport Authority Disparity Study which was anticipated to be complete in 2016 but at the time this goal methodology was developed information was still not published. As this study and the accompanying analysis is not yet available SCLA did not utilize this Disparity Study to make an adjustment to the base figure.

The fourth Disparity Study taken into consideration was the Burbank-Glendale-Pasadena Airport Authority (BGPAA) Disparity Study, completed in 2012 due to the similarity of contract types reviewed. Disparity analysis results indicated that most racial/ethnic and gender groups showed disparities on contracts where race- and gender-conscious measures were not in place during the

study period. Since August 2006, BGPAA has solely used neutral means and has fallen considerably short of its annual goals for DBE participation. BBC identified substantial disparities between the utilization of minority-owned firms in BGPAA contracts and what might be expected based upon the availability analysis (substantial disparities for each racial and ethnic group in the Federal DBE Program). Minority-owned firms were underutilized in BGPAA contracts even when the DBE contract goals program was in place. As a result, the Disparity Study recommended the use of contract DBE goals.

For the reasons reviewed above, the SCLA has concluded that disparity is present and race-conscious measure are appropriate to implement their 7% DBE goal. SCLA will continue to review applicable Disparity Studies as they become available and apply the appropriate adjustments to their DBE Program goal application as necessary.

D. Other Evidence

SCLA did not receive any anecdotal evidence nor is aware of any other factors or adverse considerations that would have had a material affect on DBEs availability within the SCLA marketplace, or on DBEs' ability to participate (meeting bonding, insurance and financial requirements) in the SCLA FAA-assisted contracting programs. Therefore, no goal adjustment was made in consideration of this factor. However, SCLA will continue to explore and consider all available evidence that materially would affect the opportunities for DBEs to form, grow, and compete in SCLA FAA-assisted contracting programs.

OVERALL DBE GOAL AND PROJECTION OF RACE-NEUTRAL AND RACE-CONSCIOUS PARTICIPATION:

The Overall DBE Goal for FFY 2016-2018 for SCLA FAA-assisted contracts is 7%. The Overall Goal is expressed as a percentage of all DOT-assisted funds that SCLA will expend in applicable DOT-assisted contracts in the given federal fiscal years.

The goal further serves to identify the relative availability of DBE's based on evidence of ready willing, and able DBE's to all comparable firms, which are known to be available to compete for and perform on SCLA' DOT-assisted contracts.

V. RACE-NEUTRAL/RACE-CONSCIOUS BREAKOUT ANALYSIS

A. Consideration of the Amount by which SCLA has Exceeded Goals in the Past

DOT has identified the amount a recipient has exceeded their overall goals in the past years as a useful tool in projecting the race/gender-neutral participation one can expect in future Federal Fiscal Years. As SCLA did not have an approved Overall goal for the FFY's 2016/18 SCLA could not determine the amount by which SCLA exceeded goals in the past.

B. Past Participation by DBE Prime Contractors

DOT has identified that the amount of past participation obtained through the use of DBE primes should be considered achieved race/gender-neutrally and that those attainments can be used as a basis for estimating a similar level of race/gender-neutral participation in the next overall goal period.

Therefore, SCLA considered the amount of past DBE participation (based on awards) obtained through the use of DBE primes in FFYs 2016, 2017 and 2018 below:

Table 6

FFY	Total Dollar Value Awarded to DBE Prime	Reporting Period	Total Dollar Value of Awarded Contracts
2016	\$0	10/1/15-09/30/16	\$0
2017	\$0	10/1/16-09/30/17	\$7,322,657
2018	\$0	10/1/17-09/30/18	\$10,768,500
Total:			\$18,091,157
% DBE Prime Participation	Total Dollar Value Completed by DBE Prime (\$) / Total Dollar Value of Completed Contracts (\$18,091,157) = 0% DBE Prime Participation		0%*

SCLA found that 0% of the DBE participation during FFYs 2016 through 2018 was produced by the utilization of DBE primes. This value was developed by dividing the total dollars awarded to DBE Primes (\$0) by the total dollars awarded on all Primes contracts (\$18,091,157.00 within FFYs 2016 through 2018, as displayed in the table above. SCLA confirmed that the projects completed during FFYs 2016 through 2018 were similar to the types of projects being procured in the upcoming overall goal period, a required criterion for consideration in utilizing DBE prime participation to validate race-neutral application. As 0% DBE participation was achieved on like-projects during the attainment period reviewed SCLA concluded that this rate of DBE participation would be an accurate reflection of DBE prime capacity in the primary types of work projected to be performed in the coming overall goal period.

C. Consider Past Participation by DBE Subcontractors on Contracts without Goals

DOT has identified that the amount of past participation obtained through the use of DBE subcontractors on contracts without DBE goals should be considered achieved race/gender-neutrally and that those attainments can be used as a basis for estimating a similar level of race/gender-neutral participation in the next overall goal period. Therefore, SCLA considered the amount of past DBE subcontractor participation on contracts without DBE goals in FFYs 2015, 2016, 2017 and 2018 below:

Table 7

FFY	Total Dollar Value Awarded to DBE Subcontractors on RN Contracts	Reporting Period	Total Dollar Value of Awarded RN Prime Contracts
2016	\$0	10/1/15-09/30/16	\$0
2017	\$0	10/1/16-09/30/17	\$7,322,657
2018	\$115,223	10/1/17-09/30/18	\$10,768,500
Total:	\$115,223		\$18,091,157
Total Dollar Value Awarded to DBE Subs \$115,223) / Total Dollar Value Awarded on RN Prime Contracts (\$18,091,157) = .6%			1%* RN DBE Subcontract Participation

*Rounded to the nearest whole number

A DBE participation value of 1% was derived by the utilization of DBE firms in the Race-Neutral (RN) periods above. SCLA confirmed that the projects completed during FFYs 2016 through 2018 were similar to the types of projects being procured in the upcoming overall goal period, a required criterion for consideration in utilizing DBE sub participation to validate race-neutral application. As 1% DBE participation was achieved on like-projects during the attainment period reviewed SCLA concluded that this rate of DBE participation would be an accurate reflection of DBE sub capacity in the primary types of work projected to be performed in the coming overall goal period.

D. Consider MBE/WBE/DBE Participation Pursuant to Race/Gender-Neutral State or Local Programs.

SCLA monitors Small Business participation but does not currently track MBE/WBE/DBE participation on Race/Gender-Neutral or Local Programs. SCLA will consider methods of tracking this information in the future for use in considering the proper race/gender-neutral application.

E. Past History of Inability to Achieve Goals

DOT has identified that a recipient's past inability to meet their goals in the past years as a powerful indicator that the recipient may be justified in applying race-/gender-conscious measures to achieve their goals in future Federal Fiscal Years. As SCLA did not have an approved Overall goal for the FFY's 2016/18 SCLA could not determine the amount by which SCLA demonstrated an inability to meet goals in the past.

As three years of DBE Participation data was reviewed for projects with similar scopes and values to the projects in the upcoming goal period, SCLA can reasonably assume that the rates of DBE participation reflected are an accurate reflection of DBE capacity to perform race-neutrally in the 2019/21 overall goal period. SCLA has applied this to the proposed DBE Goal to project the necessary race-conscious/race-neutral breakout, as illustrated below:

<p style="text-align: center;">% Goals Exceeded in Past = Excluded from analysis RN DBE Prime Participation = 0% RN DBE Sub Participation = 1% MBE/WBE/DBE Participation = Excluded from analysis History of Inability to Achieve Goals= Excluded from analysis</p> <p style="text-align: center;">0% (RN DBE Prime Participation) + 1% (RN DBE Sub Participation) = 1% 2% / 2 = .5% (Average RN Participation)</p> <p style="text-align: center;">1% RN Projection (Rounded to the nearest whole number)</p>
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Consistent with the FAA guidance provided and the reasons delineated above SCLA projects to meet 1% of the 7% DBE goal race-neutrally. SCLA has found it advisable to implement the race-neutral/race-conscious breakout illustrated below to meet the proposed Overall DBE Goal (7%) in accordance with 49 CFR Part 26.51. SCLA will continue to apply the appropriate adjustments to their DBE Program goal application as necessary

Race-Conscious & Race-Neutral Projections	
FFY 2019/21 Overall DBE Goal	7%
Race-Conscious Component	6%
Race-Neutral Component	1%

This race-neutral projection is in conformance with Title 49 CFR Part 26; “Participation by Disadvantaged Business Enterprises in Department of Transportation Programs” and in further response to FAA Notices issued to Public Transportation Providers regarding DOT’s DBE Program and Race-Neutral Policy Implementation Guidance.

SCLA will implement Race-Neutral measures to meet its Overall DBE Goal objectives in accordance with 49 CFR Part 26.51, including but not limited to:

- Arranging timely solicitations, times for the presentation of bids, quantities, specifications, and delivery schedules in ways that facilitate DBEs and other small business firms’ participation.
- Unbundling large contracts to make them more accessible to small businesses, requiring or encouraging prime contractors to subcontract portions of work that they might otherwise perform with their own work forces.
- Providing technical assistance and other services to small businesses, including DBE firms.
- Providing information and communications programs on contracting procedures and specific contract opportunities.
- Providing assistance to disadvantaged and small businesses in overcoming limitations in obtaining bonding, lines of credit and building financing capital.

Please note that SCLA will continue to monitor its DBE utilization to assess whether the breakout of race-conscious and race-neutral measures should be adjusted.

VI. PUBLIC PARTICIPATION AND FACILITATION

In accordance with Public Participation Regulatory Requirements of Title 49 CFR Part 26, minority, women, local business chambers, and community organizations within the SCLA market area were consulted and provided an opportunity to review the goal analysis and provide input. SCLA prepared Outreach Consultation Letters advising the aforementioned business community of the proposed DBE goal analysis and its availability for review and comment on the SCLA website. SCLA invited the public as well as identified minority, women and general contractor groups and organizations within the SCLA market area to share their valuable experience and input regarding effects of discrimination on opportunities for DBE's in the SCLA market area.

SCLA issued a Public Notice publishing the SCLA Proposed Overall Goal for the FFY 2019-21 FAA-assisted contracts on their website. The Notice informed the public that the proposed goal and rationale were available for inspection on the SCLA website and that the SCLA would accept comments on the goal analysis for 30 days from the date of the Public Notice. The public was informed that the SCLA would give full consideration to all comments and input received as a part of the consultation process and would assess its impact on the Proposed Overall DBE Goal. The final Overall Goal submitted to FAA for approval will remain on the SCLA website through the life of the goal period.

Additionally, SCLA consults and will continue to consult with minority groups and organizations year-round via event attendance and facilitation to directly solicit the public in-person regarding input they have on DBE opportunities.