

**FY 2017 – FY 2019**

**DISADVANTAGED BUSINESS ENTERPRISE PROGRAM METHODOLOGY  
FOR**



Virginia Department of Aviation

**JULY 2018**

# **METHODOLOGY for Establishing the FY 2017 – FY 2019 Overall Disadvantaged Business Enterprise (DBE) Goal for:**

## *VIRGINIA DEPARTMENT OF AVIATION*

In fulfillment of the requirements of 49 CFR Part 26, the Virginia Department of Aviation. (hereafter 'Department of Aviation') has developed a proposed Overall Goal for FY 2017-2019 FAA-AIP projects. The methodology used in establishing this goal is described herein.

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### **I. Detailed Methodology: Specific Steps**

#### **A. Amount of Goal**

The Department of Aviation's FY 2017-2019 overall goal for the Federal financial assistance it will expend in USDOT-assisted contracts is the following:

Overall Goal:	<b>5.7%</b>
Race-Neutral:	<b>5.7%</b>
Race-Conscious:	<b>0.0%</b>

Given the amount of USDOT-assisted contracts that the Department of Aviation expects to let from FY 2017-2019, which is approximately **\$812,050** this means that the Department of Aviation has set a goal of expending approximately **\$46,026** with DBEs during this period.

#### **B. Determination of the Market Area of the study**

The normal market area was based on discussions with the Department of Aviation staff and an assessment of bidders from similar recent projects. Specifically, the market area is based on where the substantial majority of bidders, both successful and unsuccessful are located and where the substantial majority of funding was spent. The Department of Aviation's market area was determined to be the **Commonwealth of Virginia**.

**C. Determination of relevant NAICS codes**

Based on information provided by the Department of Aviation concerning the proposed projects, a list of NAICS codes corresponding to these projects was developed and is shown below:

**Table 2: Virginia Department of Aviation  
FY 2017-FY 2019 Projects & Activities**

<b>Fiscal Year</b>	<b>PROJECT</b>	<b>ACTIVITY</b>	<b>NAICS</b>
<b>FY 2018</b>	Obstruction Survey & Analysis - Phase 1	Engineering	541330
		Surveying	541370
	Independent Fee Evaluation	Management Consulting	541611
	DBE Services	Urban Planning	541320
<b>FY 2019</b>	Obstruction Survey & Analysis - Phase 2	Engineering	541330
		Surveying	541370

SOURCE: Virginia Department of Aviation

**D. Determination of Relative Availability Of DBEs in Market Area, Compared to all Firms**

**Table 3a: DBES—VIRGINIA DEPARTMENT OF AVIATION  
by Relevant NAICS Codes—FY 2018  
Obstruction Survey & Analysis - Phase 1**

<b>Activity</b>	<b>NAICS CODES</b>	<b>DBE Firms</b>	<b>All Firms</b>	<b>% of DBE Firms Available</b>	<b>NAICS Dollars</b>	<b>DBE Goal (Dollars)</b>
Engineering	541330	118	2226	5.3%	\$150,000	\$7,951
Surveying	541370	14	250	5.6%	\$150,000	\$8,400
<b>Total</b>					<b>\$300,000</b>	<b>\$16,351</b>
<b>Weighted Step 1 Goal =</b>						<b>5.5%</b>

SOURCES:

1. 2016 County Business Patterns, U.S. Census Bureau, May 2018.
2. Virginia UCP DBE Directory, May 2018.

**Table 3b: DBES—VIRGINIA DEPARTMENT OF AVIATION  
by Relevant NAICS Codes—FY 2018  
Independent Fee Evaluation**

Activity	NAICS CODES	DBE Firms	All Firms	% of DBE Firms Available	NAICS Dollars	DBE Goal (Dollars)
Management Consulting	541611	245	3220	7.6%	\$2,800	\$213
<b>Total</b>					<b>\$2,800</b>	<b>\$213</b>
<b>Weighted Step 1 Goal =</b>						<b>7.6%</b>

SOURCES:

1. 2016 County Business Patterns, U.S. Census Bureau, May 2018.
2. Virginia UCP DBE Directory, May 2018.

**Table 3c: DBES—VIRGINIA DEPARTMENT OF AVIATION  
by Relevant NAICS Codes—FY 2018  
DBE Services**

Activity	NAICS CODES	DBE Firms	All Firms	% of DBE Firms Available	NAICS Dollars	DBE Goal (Dollars)
Urban Planning	541320	19	97	19.6%	\$9,250	\$1,812
<b>Total</b>					<b>\$9,250</b>	<b>\$1,812</b>
<b>Weighted Step 1 Goal =</b>						<b>19.6%</b>

SOURCES:

1. 2016 County Business Patterns, U.S. Census Bureau, May 2018.
2. Virginia UCP DBE Directory, May 2018.

**Table 3d: DBES—VIRGINIA DEPARTMENT OF AVIATION  
by Relevant NAICS Codes—FY 2019  
Obstruction Survey & Analysis - Phase 2**

Activity	NAICS CODES	DBE Firms	All Firms	% of DBE Firms Available	NAICS Dollars	DBE Goal (Dollars)
Engineering	541330	118	2226	5.3%	\$250,000	\$13,252
Surveying	541370	14	250	5.6%	\$250,000	\$14,000
<b>Total</b>					<b>\$500,000</b>	<b>\$27,252</b>
<b>Weighted Step 1 Goal =</b>						<b>5.5%</b>

SOURCES:

1. 2016 County Business Patterns, U.S. Census Bureau, May 2018.
2. Virginia UCP DBE Directory, May 2018.

**NOTE: The County Business Patterns data were used as the source to determine the denominator, or the number of all firms in the market area. The DBE directories listed above were used to determine the numerator, or the number of DBE firms in the market area.**

## **E. Determination of the “Weighted” DBE Base Figure**

The Step 1 DBE Base Figure for each project was derived by multiplying the dollars for each activity by the percentage of relevant DBE firms to all relevant firms. The total DBE goal in dollars was divided by the total project costs to derive the step 1 goals.

The Step 1 DBE Base Figures for the Department of Aviation are as follows:

- Obstruction Survey & Analysis - Phase 1– **5.5%**.
- Independent Fee Evaluation – **7.6%**.
- DBE Services – **19.6%**.
- Obstruction Survey & Analysis - Phase 2– **5.5%**.

## **II. Adjustments to the DBE Base Figure**

After the DBE Base Figure has been developed, the regulations (49 CFR Part 26) require that:

“...additional evidence in the sponsor’s jurisdiction be considered to determine what adjustment, if any, is needed to the base figure in order to arrive at your overall goal” (26:45(d)).

### **A. Adjustment Factors to Consider**

The regulations further state that there are several types of evidence that must be considered when adjusting the base figure. These include:

*“(i) The current capacity of DBEs to perform work in your USDOT-assisted contracting program, as measured by the volume of work DBEs have performed in recent years.*

No past participation information was available as of this submittal, so there will be no adjustment to the base figure using DBE accomplishment data.

### **B. Consultations**

The Department of Aviation held a stakeholder meeting on June 21, 2018 at 2:00 pm. The purpose of the meeting was to solicit information from interested

stakeholders about the draft goal, as well as the availability of potential DBEs at the Department of Aviation, the effects of discrimination on opportunities for DBEs, and the Department of Aviation’s effort to increase DBE participation. The attendee list and comments can be found in Appendix A.

**C. Adjustment to Step 1 DBE Base Figures: Virginia Department of Aviation, FY 2017-FY 2019**

With the adjustment factors considered to this point, the Department of Aviation will not adjust the Step 1 base figures as calculated above.

**Table 4: Virginia Department of Aviation  
FY 2017 – FY 2019 Overall Goal**

<b>Fiscal Year</b>	<b>Project</b>	<b>Step1</b>	<b>Step 2 adjustment</b>	<b>Overall Goal</b>	<b>Total project costs</b>	<b>DBE Goal (dollars)</b>
No projects at this time						
<b>FY 2017 Total</b>				<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
FY 2018	Obstruction Survey & Analysis - Phase 1	5.5%	N/A	5.5%	\$300,000	\$16,500
FY 2018	Independent Fee Evaluation	7.6%	N/A	7.6%	\$2,800	\$213
FY 2018	DBE Services	19.6%	N/A	19.6%	\$9,250	\$1,813
<b>FY 2018 Total</b>				<b>5.9%</b>	<b>\$312,050</b>	<b>\$18,526</b>
FY 2019	Obstruction Survey & Analysis - Phase 2	5.5%	N/A	5.5%	\$500,000	\$27,500
<b>FY 2019 Total</b>				<b>5.5%</b>	<b>\$500,000</b>	<b>\$27,500</b>
<b>FY 2017 - FY 2019 Overall Goal</b>				<b>5.7%</b>	<b>\$812,050</b>	<b>\$46,026</b>

The total DBE goal in dollars was divided by the total federal portion of project costs to derive the overall DBE goal of 5.7% for FY 2017-FY 2019.

**III. Process**

The Department of Aviation will normally submit its overall goal to the FAA on or before August 1 of each goal period. The current goal covers October 1, 2016 through September 30, 2019. The Department of Aviation’s next goal will be due August, 1

2019 and will cover October 1, 2019 through September 30, 2022 (FY 2019 – FY 2022).

Before establishing the overall goal this year, the Department of Aviation consulted with minority, women's and general contractor groups, community organizations, and other officials or organizations to obtain information concerning the availability of disadvantaged and non-disadvantaged businesses, the effects of discrimination on opportunities for DBEs, and the Department of Aviation's efforts to establish a level playing field for the participation of DBEs.

Following this consultation, the Department of Aviation published a notice of the proposed overall goal, informing the public that the proposed goal and its rationale were available for review and comment during normal business hours at the Department of Aviation's administrative office for 30 days following the date of the notice. The notice included addresses (including offices) to which comments could be sent and addresses where the proposal could be reviewed. This process was used to establish the goals for FY 2017 through FY 2019.

The Department of Aviation's overall goal submission to the FAA will include a summary of information and comments received during this public participation process and our responses.

The Department of Aviation will begin using the overall goal on October 1 of each year, unless the Department of Aviation has received other instructions from DOT/FAA (or, if the goal is established on a project basis) by the time of the first solicitation for a DOT/FAA-assisted contract for the projects.

#### **IV. Breakout of Estimated Race-Conscious/Race-Neutral Participation**

The Department of Aviation will meet the maximum feasible portion of its overall goal by using race-neutral means of facilitating DBE participation. The Department of Aviation will use a combination of the following race-neutral means to increase DBE participation:

- 1. Arranging solicitations, times for the presentation of bids, quantities, specifications, and delivery schedules in ways that facilitate DBE, and other small businesses participation (e.g., unbundling large contracts to make them more accessible to small businesses, encouraging prime contractors to subcontract portions of work that they might otherwise perform with their own forces);*
- 2. Disseminating information communications on contracting procedures and specific contract opportunities (e.g., ensuring the inclusion of DBEs, and other small businesses, on recipient mailing lists for bidders, ensuring the dissemination to bidders on prime contracts of lists of potential subcontractors).*

The Department of Aviation estimates that, in meeting its overall goal of **5.7%**, that it will obtain its goal utilizing race-neutral measures. There is no data available to

utilize to determine a breakout of the overall goal to be met via race-conscious means and race-neutral means.

The Department of Aviation will adjust the estimated breakout of race-neutral and race-conscious participation as needed to reflect actual DBE participation (26.51(f)) and it will track and report race-neutral and race-conscious participation separately. For reporting purposes, race-neutral DBE participation includes, but is not necessarily limited to, the following: DBE participation through a prime contract a DBE obtains through customary competitive procurement procedures; DBE participation through a subcontract on a prime contract that does not carry a DBE goal; DBE participation on a prime contract exceeding a contract goal; and DBE participation through a subcontract from a prime contractor that did not consider a firm's DBE status in making the award.

## **V. Contract Goals**

The Department of Aviation will use contract goals to meet any portion of the overall goal that it does not project being able to meet using race-neutral means. Contract goals are established so that, over the period to which the overall goal applies, they will cumulatively result in meeting any portion of our overall goal that is not projected to be met through the use of race-neutral means.

The Department of Aviation will establish contract goals only on those DOT-assisted contracts that have subcontracting possibilities. The Department of Aviation need not establish a contract goal on every such contract, and the size of contract goals will be adapted to the circumstances of each such contract (e.g., type and location of work, availability of DBEs to perform the particular type of work).

The Department of Aviation will express its contract goals as a percentage of the Federal share of a DOT-assisted contract.



**Resources: Virginia Department of Aviation FY 2017 – FY 2019  
Disadvantaged Business Enterprise Program Methodology**

**A. Resource Documents:**

1. Virginia Unified Certification Program, DBE Directory.
2. 2016 County Business Patterns, U.S. Census Bureau