

Attachment 5

Section 26.45: Overall DBE Goal Methodology Fiscal Year 2023

Name of Recipient: Kandace Harvey, dba Harvey Field, Owner of Harvey Field Airport

Goal Period: FY-2023 – October 1, 2022 through September 30, 2023

| | | |
|--------------------------------------|--------------|-------------------|
| DOT-assisted contract amount: | FY-2023 | \$ 590,000 |
| | Total | \$ 590,000 |

Fiscal Years

2023

Overall Goal

3.85% to be achieved using race-conscious means

Total dollar amount to be expended on DBE's: **\$22,715.00** [Goal % x DOT-assisted amount]

Number and Type of Contracts that the Airport anticipates awarding:

Contracts Fiscal Year 2023

- | | |
|---------------------------------------------------------------------------------|-----------|
| 1. Airfield Rehabilitation and Install Ramp Signage Design and Construction- | \$590,000 |
|---------------------------------------------------------------------------------|-----------|

Market Area

Calculations that use the data from the **2019 Washington State Disparity Study** include the entire state of Washington as the market area. Calculations using the US Census Bureau and Washington State DBE directory use the market area that includes the following four counties: **King, Skagit, Snohomish** and **Whatcom**. This market area was determined based upon the location of previous bidders and proximity to the Airport. This is also the area from which a substantial majority of the contractors and subcontractors come and the area in which the Airport spends a substantial majority of its contracting dollars.

Step 1. 26.45(c) Actual relative availability of DBE's

The base figure for the relative availability of DBEs was calculated as follows:

- The project work was divided into the appropriate NAICS classifications as shown in **Table 1** below.

Table 1

| FY 2023 | | | | |
|--------------------------------------------|------------|--------------------------------------------------|---------------------|--------------|
| Project Title / Description: | | Airfield Rehabilitation and Install Ramp Signage | | |
| Work Description | NAICS Code | Total Cost | Cost (Federal only) | % of Project |
| Asphalt Paving and Marking | 237310 | \$ 405,000.00 | \$ 364,500.00 | 61.78% |
| Excavation and Embankment | 238910 | \$ 95,556.00 | \$ 86,000.40 | 14.6% |
| Civil Engineering | 541330 | \$ 140,000.00 | \$ 126,000.00 | 21.4% |
| Environmental Consulting-Hydrology/Biology | 541620 | \$ 10,000.00 | \$ 9,000.00 | 1.5% |
| Traffic Control | 561990 | \$ 5,000.00 | \$ 4,500.00 | 0.8% |
| Total: | | \$ 655,556.00 | \$ 590,000.40 | |

- The total number of qualified firms for each category of work was determined by using the U.S. Census Bureau data from 2020, the most current year available. This data was located at the following website: <https://data.census.gov/cedsci/>
- Certified DBE firms for these NAICS categories were found by using the State of Washington's online database from the Office of Minority and Women's Business Enterprises (OMWBE). This data was located at the following website: <https://omwbe.diversitycompliance.com/>
- For each NAICS category, DBE firms were then evaluated based on location and work capabilities. DBE firms were considered ready, willing and able if they met the following conditions:
 - Firm location is within the previously defined market area;
 - Work capabilities include those necessary for this project. It is assumed that firms will be capable of performing the work included in the category under which they are listed and certified.
- The DBE goal for each NAICS work classification was then calculated by dividing the number of ready, willing, and able DBE firms by the total number of ready, willing and able firms. Several NAICS codes were overly broad, given the scope of the work anticipated. The DBEs in the market area were reviewed to determine their capability to perform the work items included in these projects, based on the detailed descriptions found in the DBE Directory. The quantity of "able" DBEs was adjusted accordingly and the cost estimates for this work were used to calculate a percentage of the total work.
- Lastly, an average DBE goal was then calculated for the entire project, using cost-based weighting. The cost-weighted DBE goal is the percentage of work expected to be performed by each NAICS DBE category divided by the total project cost. Calculations for these figures were derived from our Engineer's preliminary cost estimate for work on the project(s).

Table 2 and Table 3 below illustrate these calculations.

Table 2
Percent DBE Calculation - Harvey Airfield - Snohomish, Washington

| | | | | | | | | | | | | | | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
| Market Area includes the following Washington counties: King, Skagit, Snohomish, Whatcom | | | | | | | | | | | | | | |
| DBE Businesses in the survey area were calculated using data from the The Washington State Office of Minority & Women's Business Enterprises available at: https://omwbe.wa.gov/directory-certified-businesses Data was obtained on 11/17/2022 | | | | | | | | | | | | | | |
| Total established firm data was taken from the U.S. Census Bureau website available at https://data.census.gov/cedsci/ Data from 2020 was used for the calculations as it is the most recent available. | | | | | | | | | | | | | | |

FY 2023

| NAICS Codes from 2020 Census | % of Total Project Work | Project Work Elements | King County | | Skagit County | | Snohomish County | | Whatcom County | | Market Area Totals | | Base Goal | Weighted Goal |
|------------------------------|-------------------------|----------------------------|-------------|-----|---------------|-----|------------------|-----|----------------|-----|--------------------|-----|-----------|---------------|
| | | | Total | DBE | Total | DBE | Total | DBE | Total | DBE | Total | DBE | | |
| 237310 | 61.8% | Asphalt Paving and Marking | 57 | 2 | 8 | 1 | 29 | 1 | 10 | 0 | 104 | 4 | 3.8% | 2.4% |
| 238910 | 14.6% | Excavation and Embankment | 223 | 5 | 37 | 0 | 174 | 4 | 55 | 0 | 489 | 9 | 1.8% | 0.3% |
| 541330 | 21.4% | Engineering | 676 | 6 | 22 | 0 | 178 | 1 | 68 | 1 | 944 | 8 | 0.8% | 0.2% |
| 541620 | 1.5% | Environmental Consulting | 165 | 3 | 6 | 0 | 18 | 0 | 25 | 0 | 214 | 3 | 1.4% | 0.0% |
| 561990 | 0.8% | Traffic Control | 102 | 9 | 3 | 0 | 29 | 0 | 11 | 2 | 145 | 11 | 7.6% | 0.1% |
| | 100.1% | | 1223 | 25 | 76 | 1 | 428 | 6 | 169 | 3 | 1896 | 35 | 1.8% | 2.9% |

Table 3
Basic Calculation
Total DBE's/All Firms

| <u>Fiscal Year</u> | <u>Overall DBEs Available</u> | |
|--------------------|-------------------------------|-------------|
| 2023 | 35 / 1896 = | 1.8% |
| Total: | 35 / 1896 = | 1.8% |

Weighted Calculation
[%work(DBE/All Firms) + %work(DBE/All Firms)] X 100

| <u>Fiscal Year</u> | <u>Annual Weighted Calculation</u> |
|--------------------|------------------------------------|
| 2023 | 2.9% |

Step 1 resulted in the following overall annual goal: 2023 – 2.9%

Step 2. 26.45(d) Adjustments to Step 1 base and weighted figures

After calculating a weighted base figure of the relative availability of DBEs, evidence was examined to determine what adjustment (if any) was needed to arrive at the overall goal.

- a. **Past Participation** – An evaluation of past achievement of goals indicated that most years DBE participation fell short of the race-neutral goal set for each year, ranging from 0% to 0.8% under-achievement. One year of the eight years evaluated showed an over-achievement of 1.2%. With DBE activity only recorded in one of the years, there was not enough evidence to make an adjustment based on this historical data.

| Goal Period | DBE Goals | | | Accomplishments | | |
|-------------|-----------|------|-------|-----------------|------|-------|
| | RC | RN | Total | RC | RN | Total |
| FY 2014 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| FY 2015 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| FY 2016 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| FY 2017 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| FY 2018 | 0.0% | 0.8% | 0.8% | 0.0% | 1.2% | 1.2% |
| FY 2019 | 0.0% | 0.8% | 0.8% | 0.0% | 0.0% | 0.0% |
| FY 2020 | 0.0% | 0.8% | 0.8% | 0.0% | 0.0% | 0.0% |

- b. **Disparity Study** – In 2019 a disparity study was completed for the Washington State Airports. This study was used to evaluate if an adjustment needed to be made to the DBE goal from Step 1. The study suggests the use of rates at which DBE form businesses. These rates can be found in Tables 5-8 and 5-12 of Chapter V within the study and are shown below.

Table 5-8: Business Formation Rates
Construction, 2013 - 2017

| Demographic Group | Business Formation Rates |
|------------------------|--------------------------|
| Black | 3.1% |
| Latino | 4.5% |
| Native American | 4.2% |
| Asian/Pacific Islander | 8.8% |
| Other | 4.3% |
| White Women | 10.2% |
| Non-White Male | 6.5% |
| White Male | 12.2% |

Source: CHA calculations from the American Community Survey

Average (minus White Male): 5.94%

Table 5-12: Business Formation Rates
Construction-Related Services, 2013 - 2017

| Demographic Group | Business Formation Rates |
|------------------------|--------------------------|
| Black | 0.9% |
| Latino | 5.0% |
| Native American | 0.0% |
| Asian/Pacific Islander | 3.3% |
| Other | 0.0% |
| White Women | 5.3% |
| Non-White Male | 4.5% |
| White Male | 8.9% |

Average (minus White Male): 2.71%

Source: CHA calculations from the American Community Survey

To arrive at an overall, adjusted goal, the Step 1 base figure was added to the Step 2 adjustment figures noted above, and the total was averaged.

$(2.9\% + 5.94\% + 2.71\%) / 3 = 3.85\%$ Overall Goal

- c. Other factors – The Airport contacted multiple local business advocacy agencies and DBE-certified businesses within the market area with requests for input regarding their Disadvantaged Business Enterprise program and overall goal. A list of these agencies and companies can be requested by contacting the Airport DBE Liaison Officer. All comments received will be reviewed and made part of the Airport’s permanent DBE records. See “Consultation: Section 26.45 (g)(1)” below.

The historical data and the disparity study indicate a need to change the overall goal from race-neutral to race-conscious. The Airport will implement its FY 2023 goal of 3.85% as a race conscious goal.

Breakout of Estimated “Race and Gender Neutral” (RN) and “Race and Gender Conscious” (RC) Participation. 26.51(b) (1-9)

The Airport will meet the maximum feasible portion of the overall goal by using race neutral means of facilitating DBE participation, including but not limited to:

- Arranging solicitations, times for the presentation of bids, quantities, specifications, and delivery schedules in ways that facilitate DBE and other small businesses participation;
- Encouraging prime contractors to subcontract portions of work they might otherwise perform with their own forces;
- Ensuring the inclusion of DBEs and other small businesses on recipient mailing lists for bidders;
- Advising prime contractors of the State of Washington online DBE directory and website;
- Providing assistance in overcoming limitations such as inability to obtain bonding or financing;

The Harvey Field Airport does not have a consistent history of meeting or over-achieving DBE race neutral goals and expects to obtain its DBE participation through the use of deliberate race-conscious means.

Therefore, the entire goal of 3.85% is to be obtained through race-conscious participation.

Public Participation

Consultation: Section 26.45(g)(1)

In establishing the overall goal, the Airport provided for consultation and publication. This included consultation with minority, women's and general contractor groups, community organizations, and other officials or organizations which could be expected to have information concerning the availability of disadvantaged and non-disadvantaged businesses, the effects of discrimination on opportunities for DBEs, and the Airport's efforts to establish a level playing field for the participation of DBEs.

Announcement of a virtual consultation meeting, intended to meet the requirements of being a scheduled, direct, interactive exchange, was distributed to multiple contacts within the market area. The resulting consultation meeting was held on July 1, 2021, and included the following individuals:

- Peter Leon, Leon Environmental, LLC
- Dan Seydel, Platinum Business Group
- Larry Adeyemi, Green Project Solutions Group, LLC
- Kathleen Gerke, Precision Approach Engineering, Inc.
- Matt Cavanaugh, Precision Approach Engineering, Inc.

Topics and responses included, but were not limited to, the following items:

- Review of the Program document and its parts
- Review of the Goal and the methodology used to determine it
- Past participation of Disadvantaged Business Enterprises
- Availability of DBE businesses for utilization in projects
- Disparity Study results – potential of the study being broken down by regions
- The market area and the potential effects of increasing the size of the market area for data collection
- Advance notice to DBEs prior to advertisement of projects, potentially extending out several years
- Soliciting input from participants on ways to increase DBE participation and remove barriers to participation

At the request of two participants who were unable to attend the July 1 meeting, a second virtual meeting was held on July 8, 2021. In attendance were the following individuals:

- Kathleen Gerke, Precision Approach Engineering, Inc.
- Rebekah Weston, Red Barn Group
- Steve Sawyer, Red Barn Group

Topics included the following:

- Disparity study and its potential effects on goal-setting; status of Western States Paving lawsuit and the directive in place for the FAA Northwest Mountain Region; anticipation of changes to the directive for future goal-setting¹
- Business models where smaller companies partner up with larger companies vs. the more common reverse partnering; the result can make DBE a prime;
- DBE company size limits and the challenge of staying within limits while still holding DBE status
- Challenges for small businesses regarding attaining insurance, bonding and business loans
- Situations in which a DBE has been given work by prime contractors on projects, and eventually outgrows the size limit to remain a DBE, and then gets dropped by prime contractors who need DBEs to meet enforced goals; this creates a situation where a previous DBE can experience failure because of its growth and sudden loss of work

Any additional comments and responses received will be evaluated and kept as part of the Airport's official DBE records. If it is determined that adjustment to the current overall goal is needed, the revised goal and considerations leading to its change will be forwarded to the FAA and made available for review at the offices of Harvey Field Airport.

Upon evaluation of the consultations, the Airport determined no evidence was found to indicate additional adjustment to the goal was needed.

The Airport will strive to make improvements to the processes used for procurement on future projects to best support the intent of its DBE Program and Goal Methodology.

Public Notice

The Airport published a notice of the proposed overall goal in the Daily Journal of Commerce informing the public that the proposed goal and its rationale are available for inspection during normal business hours at the Airport office for 30 days following the date of the notice, and informing the public that the Airport and DOT/FAA would accept comments on the goals for 45 days from the date of the notice.

SAMPLE PUBLIC NOTICE

HARVEY FIELD AIRPORT has established a Disadvantaged Business Enterprise (DBE) program in accordance with regulations of the U.S. Department of Transportation, 49 CFR Part 26.

HARVEY FIELD AIRPORT has established a DBE three-year overall goal of 9.9% for FY 2021 – FY 2023, of the federal financial assistance it will receive for improvements to HARVEY FIELD AIRPORT. HARVEY FIELD AIRPORT estimates it will meet 5.4% of the goal through race-conscious means and 4.5% of the goal through race neutral means.

The Program and rationale used in developing the goal are available for review at:

Harvey Field Airport Administrative Office
9900 Airport Way, Suite B
Snohomish, WA 98296

The program and rationale will be available for review for 30 days following the date of this publication. HARVEY FIELD AIRPORT and FAA Civil Rights Office will accept comments on the program and rationale for 45 days following the date of this publication.

Comments should be sent to:

Cynthia Hendrickson, Airport Manager
Harvey Field Airport
9900 Airport Way, Suite B
Snohomish, WA 98296
Ph: (360) 568-1541 Ext 229
E-mail: chendrickson@harveyfield.com

FAA Civil Rights Office
Attn: Sonia Cruz
PO Box 92007
Los Angeles, CA 90009
Sonia.Cruz@faa.gov

¹ *Western States Paving Co. v. Washington State DOT*, 407 F.3d 983,997-98 (9th Cir. 2005), cert. denied, 546 U.S. 1170 (2006)

The Airport will submit this annual FY 2023 goal to DOT as required. The overall goal submission to DOT includes the following summary of information and comments received during this public participation process and our responses, if any.

Summary:

Comments received as a result of the public notice of our FY 2023 goal methodology will be reviewed and forward to the FAA, and will become part of the Airport's DBE records.