



NORTH LITTLE ROCK MUNICIPAL AIRPORT

***CITY OF NORTH LITTLE ROCK
AIRPORT COMMISSION***

Fiscal Years 2019-2021 DBE GOAL METHODOLOGY

Attachment F

**For the
North Little Rock Municipal Airport**

**For the period:
October 1, 2018 to September 30, 2021**

DBE Point of Contact:

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Overall Goals and Methodology North Little Rock Municipal Airport FYs 2019-2021 Goal Update

OVERALL GOALS (\$26.45)

Amount of goal:

The North Little Rock Municipal Airport's overall goal for Fiscal Years 2019-2021 (October 1, 2018 to September 30, 2021) is **6.28%** of the Federal financial assistance we will expend in DOT-assisted contracts with DBE contractors.

Number of Projects to be covered by this contract goal:

The North Little Rock Municipal Airport (ORK) expects to fund two (2) DOT-assisted contract during Fiscal Years 2019-2021:

- 2019 AWOS Installation; and
- 2020 Infrastructure for T-Hangars.

The first project, 2019 Installation of Automated Weather Observing Systems (AWOS), involves electrical suppliers, engineering services, and electrical contractors. The estimated budget for this project is \$225,000 (Federally-funded portion).

The second project, 2020 infrastructure construction for T-Hangar site, involves engineering services, pavement construction, drainage construction, and local trucking. The estimated budget for this project is \$260,000 (Federally-funded portion).

The North Little Rock Municipal Airport has set a goal of expending **\$30,475** with certified DBE firms yielding a participation rate of **6.28%**.

Market Area:

After careful research of the historical bidding practices and responses to requests for professional services, the North Little Rock Municipal Airport has determined that its market area is the entire state of Arkansas.

The analysis prepared in determining this included a review of the responses to advertised opportunities over the last several years. Immediate past projects entailed planning services for an Airport Layout Plan (ALP) update and design and construction for the lighting system rehabilitation and include the following projects:



1. FY 2017 – Pavement Marking/Pavement Repair
2. FY 2016 – Phase III Lighting Rehabilitation Construction
3. FY 2014 – Phase II Lighting Rehabilitation Construction

The prime contractor for the 2017 pavement project was based in Florida, which is not in ORK's market area. The prime contractor for the 2016 lighting project was based in Greenbrier, Arkansas, which is in the market area for ORK. The prime contractor for the 2014 lighting project was based in Hot Springs, Arkansas, which is in the market area for ORK.

As can be seen by this analysis, the majority of the respondents come from the state of Arkansas and the substantial majority of contracting dollars has been expended in the same area. Consequently, the Airport has determined that the appropriate Market Area is the entire state of Arkansas.

Method:

In accordance with the current FAA and DOT guidance, the North Little Rock Municipal Airport is utilizing a two-step process in setting its FYs 2019-2021 goal. The first step examines the relative availability of DBE firms in the established Market Area and the second step allows for adjustments to the relative availability based on:

- Information from available Disparity Studies;
- Information gained from research and outreach with:
 - Organizations servicing or representing DBE's;
 - Federal, State and Local agencies that procure services;
 - Agencies charged with enforcing Civil Rights Law; and
 - State and Local Agencies responsible for minority/women's affairs.
- Historical accomplishments of the Airport's DBE program.

Relative Availability:

Since the FY 2019-2021 projects will include design, manufacturing and construction, the following documents the relative availability for each of these trades and will be used in the overall calculation of relative availability for the FY 2019-2021 goals.

The following is a summary of the method used to calculate this goal:

Step 1: The method used to calculate the relative availability of DBEs for Step 1 in this process is 26.45(c) (1) DBE Directories and Census Bureau Data. The base figure was determined by dividing the total DBE firms in the local market area by the total of all firms (both compiled according to the relevant NAICS project codes).



The following tables identify the main components of the projects broken down by trade with appropriate NAICS codes:

Project No. 1 – 2019 Installation of Automatic Weather Observing System (AWOS)

This project involves electrical supply, engineering services, and electrical contractors for the installation of a new Automatic Weather Observing System (AWOS). It lends itself to several opportunities to attract meaningful participation by certified DBE contractors, and the following table documents the relative availability of each of these trades:

NAICS code	Work Item	Weighting Factor ¹	DBEs in Market Area	All Available Firms	Relative Availability
423610	Electrical Supply	50%	3	147	1.02%
541330	Engineering Services	10%	5	367	0.14%
238210	Electrical Contractors	40%	9	619	0.58%
	Totals for this Contract	100%	17	1,133	1.74%

The anticipated Federally-funded portion of this project is **\$225,000**. As identified in the above table, the relative availability of DBE contractors in the ORK market area includes electrical supply, engineers, and electrical contractors. Therefore, the baseline DBE goal for this contract should be weighted to more accurately reflect the potential DBE participation, as shown below.

$$\begin{aligned} \text{Base Figure} &= \% \text{ Elec Supp} \times \frac{\# \text{ DBE} - \text{Local Market (3)}}{\# \text{ All Firms (147)}} + \% \text{ Eng Serv} \times \frac{\# \text{ DBE} - \text{Local Market (5)}}{\# \text{ All Firms (367)}} + \\ &+ \% \text{ Elec Cont} \times \frac{\# \text{ DBE} - \text{Local Market (9)}}{\# \text{ All Firms (619)}} \end{aligned}$$

$$\text{Base Figure} = 50\% \times 3/147 + 10\% \times 5/367 + 40\% \times 9/619$$

These calculations provide a Base Figure of **1.74%**.



Project No. 2 – 2020 T-Hangar Site Infrastructure

This project involves the design and construction of infrastructure for the T-Hangar site. It involves work efforts for engineering services, pavement construction, drainage construction, and local trucking. This project lends itself to several opportunities to attract meaningful participation by certified DBE contractors, and the following table documents the relative availability of each of these trades.

NAICS code	Work Item	Weighting Factor ¹	DBEs in Market Area	All Available Firms	Relative Availability
541330	Engineering Services	15%	5	367	0.20%
237310	Pavement Construction	70%	17	110	10.82%
237990	Drainage Construction	5%	1	32	0.16%
484110	Local Trucking	10%	1	191	0.05%
	Totals for this Contract	100%	24	647	11.23%

The anticipated Federally-funded portion of this project is **\$260,000**. As identified in the above table, the relative availability of DBE contractors in the ORK market area includes engineering services, pavement construction, drainage construction, and local trucking. Therefore, the baseline DBE goal for this contract should be weighted to more accurately reflect the potential DBE participation, as shown below.

Base Figure =

$$\% \text{ Eng Serv} \times \frac{\# \text{ DBE} - \text{Local Market (5)}}{\# \text{ All Firms (367)}} + \% \text{ Pvmt} \times \frac{\# \text{ DBE} - \text{Local Market (17)}}{\# \text{ of All Firms (110)}} +$$

$$\% \text{ Drain} \times \frac{\# \text{ DBE} - \text{Local Market (1)}}{\# \text{ All Firms (32)}} + \% \text{ Truck} \times \frac{\# \text{ DBE} - \text{Local Market (1)}}{\# \text{ All Firms (191)}}$$

$$\text{Base Figure} = 15\% \times 5/367 + 70\% \times 17/110 + 5\% \times 1/32 + 10\% \times 1/191$$

These calculations provide a Base Figure of **11.23%**

Data Source:

- DBEs in Local Market Area) State of Arkansas Unified DBE Directory for Federal Aid Projects in the following counties: All Counties in Arkansas
- (All Available Firms) from the Census Data



Weight Factor:

Following the procedures to add weight factors based on the individual project estimates, an additional weight factor is applied based on each project's percentage of the total amount of anticipated award construction dollars.

Project (contract)	Amount of Estimate	% of Total Estimate / Weight factor
1-AWOS Installation	\$225,000	46.4%
2-T-Hangar Infrastructure	\$260,000	53.6%
Total	\$485,000	100.0%

Overall Base Figure:

The Overall Base Figure is calculated by multiplying each project's (contract) base figure by its weight factor, and adding them together.

$$\text{Overall Base Figure} = (0.06 \times 0.233) + (0.37 \times 0.155) + (0.46 \times 0.388) + (6.61 \times 0.223)$$

Overall Base Figure = 1.71%

Step 2: Evidence was examined to determine what, if any, adjustment is needed to the "base figure" percentage from Step 1 so that it reflects as accurately as possible the DBE participation the recipient would expect in the absence of discrimination.

First, the Airport searched for the availability from disparity studies. The Arkansas Small Business Development Center was contacted in May of 2018, and is aware of no local Disparity studies or other Step 2 factors that would indicate the need for further adjustment based on disparity.

Since no disparity information was available, the Airport must then look to historical performance and DBE goal accomplishment under previous FAA grants. The Airport reviewed its historical DBE participation achievement in order to ensure the goal's reasonableness. By averaging the median historical DBE participation rate with the relative availability calculated in Step 1, an adjusted DBE goal is calculated.

The historic overall DBE goals accomplished at the Airport in recent years are summarized in the following table:



ORK Historical DBE Accomplishments for Similar DOT-Assisted Contracts

Fiscal Year	Goal	Accomplishment	Type of Work
FY 2017	5.48%	5.74%	Pavement Marking/Pavement Repair Construction
FY 2016	5.48%	0.00%	Phase III Lighting Rehabilitation Construction
FY 2014	10.49%	7.02%	Phase II Lighting Rehabilitation Construction
		5.74%	Median Accomplishments for all Projects

By averaging the median historical DBE participation rate with the relative availability calculated in Step 1, an adjusted DBE goal is calculated. The median participation of accomplishments over recent years is therefore determined to be **5.74%**. When we compare this with the proposed base figure, we determined an adjusted overall goal of **6.28%**.

$$\text{(Base figure) } 6.83\% + \text{(Historical median) } 5.74\% \text{ divided by } 2 = 6.28\% \text{ (Adjusted Overall Goal)}$$

Breakout of Estimated Race-Neutral and Race-Conscious Participation:

The North Little Rock Municipal Airport will strive to meet the maximum feasible portion of its overall goal by using race-neutral means of facilitating DBE participation. The Airport uses the following race-neutral means to increase DBE participation: By arranging solicitations, times for the presentations of bids, quantities, specifications, and delivery schedules in ways to facilitate DBE, and other small businesses, participation (e.g. requiring and/or encouraging prime contractors to subcontract portions of work that they might otherwise perform with their own forces). Additionally, the Airport and its design professionals provide all potential bidders with information about the State of Arkansas's Department of Transportation and Development web site for certified DBE contractors found at:

<http://www.arkansashighways.com/ProgCon/letting/dbedirectory.pdf>

The North Little Rock Municipal Airport has enjoyed some participation by the contracting community in meeting its DBE goals, and recent accomplishments have come close to meeting or missed the goals. Given this, the Airport intends to utilize race-conscious measures for the FYs 2019-2021 goal.

As such, we estimate that, in meeting our overall adjusted goal of **6.28%** we will obtain **0.0%** from race-neutral participation and **6.28%** from race-conscious measures (e.g. setting contract goals). The estimation of race-neutral participation and race-conscious measures percentages are based on past participation and established goals.



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

Public Participation:

Consultation:

The Airport encourages the participation of Disadvantaged Business Enterprises in its Development Program. In an effort to reach the available DBE community, seek out public input into the goal setting process, and to ensure wide distribution of the information contained in this document, the Airport makes copies of its DBE Program and Annual Goals Setting Document available to the local chapter of the Associated General Contractors, local architects and engineers, prospective bidders, and other interested parties.

As documented in the Market Area section of this report, the relative availability of DBE firms is limited. In order to encourage participation by Certified DBE firms, the Airport:

1. Provides prospective bidders with information on the State of Arkansas's certified list of DBE contractors.
2. Contacts the State of Arkansas to ascertain the availability of DBE contractors in the Market Area and work on ways to encourage participation.

To comply with Code of Federal Regulations Title 49, Part 26, Section 26.45(g)(1)(i), the Airport held a teleconference on July 24, 2018, to:

- Reach out to minority, women's and general contractor groups to discuss opportunities for DBEs;
- Discuss the process to become a certified-DBE;
- Address issues that contractors face with the DBE certification process;
- Present the proposed DBE Goal for FYs 2019-2021, and
- Discuss proposed construction projects that are planned at the airport during this period.

The following parties were invited to participate:

- Arkansas Economic Development Commission (this is also the Center for Women's and Minority Business Councils);
- Arkansas Hispanic Chamber of Commerce;



- University of Arkansas at Little Rock College of Business Center for Business and Economic Development;
- Arkansas Association of General Contractors;
- AR DOTD DBE/SBE Program Manager; and
- All Certified DBEs in the market area.

Attached are the following appendices regarding the consultation teleconference:

- A – Email invitation to the July 24, 2018 teleconference.
- B – List of the participants invited to attend the teleconference.
- C – PDF of the online presentation.
- D – List of attendees.
- E – Questions/Comments.
- F – Screenshot of ORK website notice.



Published Notice

The following is the notice of availability of the Airport's proposed goals and goal setting methodology:

WEBSITE PUBLIC NOTICE

Disadvantaged Business Enterprise (DBE) Goals for Federal Fiscal Years 2019-2021

The North Little Rock Municipal Airport hereby announces its DBE goals for fiscal years 2019-2021 for airport construction projects. The proposed goals and goal setting methodology is available for inspection between 8:00 a.m. and 4:30 p.m., Monday through Friday, beginning July 24, 2018 through August 23, 2018 in the Airport Administrative offices, 8202 Remount Road #1, North Little Rock, AR 72118.

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Civil Rights Staff, AWP-9
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