

Attachment A
DFW International Airport
FY 2017 – FY 2019 Overall Goal and Methodology

Overall Goal (49 CFR Part 26.45)

Amount of goal:

The DFW International Airport's (DFW) overall proposed goal for FY 2017 – FY 2019 is the following: 28% of the Federal financial assistance we will expend in DOT-assisted contracts.

Given the amount of DOT-assisted projects that DFW expects to let during this three year period, \$71,994,000, the base goal is to spend \$20,158,320 with DBEs during this period.

Method:

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

Step 1: Determine the percentage of DBEs both prime and subcontractors that are ready, willing, and able to compete for contract work. In this process DFW used the NCTRCA certification database and the U.S. Census Bureau's calendar year 2014 County Business Patterns data report.

As outlined in the Tips For Goal-Setting, the Disadvantaged Business Enterprise (DBE) Program published by the U. S. DOT OSDBU, DFW calculated the Step One Base Figure and used weighting to ensure the Step One Base Figure is as accurate as possible.

DFW has defined the market area as Dallas, Denton, Rockwall, and Tarrant County Metropolitan Statistical Areas. Based upon an analysis of DFW contractors, 94% of contractors come from these five counties or 94% of DFW's federal construction/design dollars are spent in these five counties.

DFW has made FAA grant applications and, as applicable, those funds will be applied toward the cost of the three proposed projects in FY 2017 – FY 2019, which represents the total of \$71,994,000 for DOT – assisted contracts.

The following steps were taken to develop the DBE annual goal.

- DFW's Treasury Management (Grants) and Design Code & Construction Departments assisted in identifying proposed projects for FY 2017 – FY 2019 that would contain anticipated FAA funding. {see attachment e-mail from Finance and NAICS code description - 237310}
- Contracts were identified and the major work components and associated engineering estimates were reviewed and categorized.
- Market availability of DBEs (numerator) and DBEs plus non-DBEs (i.e. all firms-the denominator) was identified using the North Central Texas Regional Certification Agency (NCTRCA) database, Texas Unified Certification Program (TUCP) DBE database and U.S. Census Bureau's calendar year 2014 County Business Patterns data report.
- The information was then categorized by the major work components, associated engineering estimates and NAICS codes, on a contract-by-contract basis.
- DBE availability and opportunity dollars were then derived on a contract-by-contract basis.
- Major work components, their associated engineering estimates and NAICS codes for all three FY 2017 – FY 2019 anticipated contracts were summarized to obtain overall data.
- Availability was then weighted by appropriate contract dollars to obtain an overall step one base figure.

- The base figure was then adjusted (i.e. the step two adjustment) by examining past DBE participation on similar types of contracts over the past three years and other relevant information, as applicable.

Data Source: North Central Texas Regional Certification Agency database, TUCP DBE database and the U.S. Census Bureau’s 2014 County Business Patterns. The TUCP DBE Directory and the U.S. Census Bureau 2014 County Business Patterns for the Dallas, Denton, Erath, Rockwall & Tarrant County Metropolitan Statistical Areas are available online at:

- <http://censtats.census.gov/cgi-bin/cbpnaic/cbpsel.pl>
- <https://txdot.txdotcms.com/FrontEnd/VendorSearchPublic.asp?TN=txdot&XID=2340>

The proposed step one base figures are:

FY 2017	30%
FY 2018	30%
FY 2019	30%

Add the proposed three DBE goals for the next three years and divide by three: 30%

The Step One Base Figure Weighted by Type and Dollar Amount of Work to Be Performed = 30% (see Attachments B)

Step 2: This step is intended to adjust the Step One Base Figure percentage so that it reflects as accurately as possible the DBE participation the recipient would expect in a race/gender neutral process.

We considered all of the evidence - Past Participation. The certified DBEs in the appropriate trades found in the NCTRCA database were reviewed in the analysis. In conducting the Step 2 adjustment, DFW took the median of the past DBE participation for the last three years.

FY 2013	18.2%
FY 2014	25.9% (median)
FY 2015	35.4%

The median past participation percentage is 26%.

The Step One Base Figure adjusted for past participation, therefore, is the 30% base figure plus 26% (median) divided by 2. Therefore our Step One Base Figure adjusted for past participation achieved is 28%.

(30% + 26%) divided by 2 = 28% [Adjusted Overall Goal]

Worksheets reflecting the calculation of the Overall DBE Goals for FY 2017, FY 2018 and FY 2019 were included as Attachments B and the support detail for the Overall Goals FY 2017, FY 2018 and FY 2019 are included as Attachments C.

Barriers to DBE Participation

DFW has reviewed its contracting and procurement practices with federally-funded projects and identified barriers listed below.

- Low bid system
- Low availability of DBEs in certain NAICS Codes and due to increased construction activity in the market place
- Insurance Requirements
- Cumbersome audit and documentation requirements can create an administrative burden to DBEs
- Davis Bacon Wage
- Airport experience requirements in both an active and non-active environment
- Complicated environment
- Bonding Requirements
- Security and Badging
- Change Order Process
- Capital cost for equipment
- Lack of cash flow to weather payment terms
- Many primes bid on projects with an existing team

DFW routinely looks for opportunities to break larger proposed contracts into smaller contracts to improve DBE competitiveness. DFW also performs reviews of bid/proposal specifications to identify potential barriers to DBE participation, including insurance and bonding requirements.

Breakout of Estimated Race-Neutral and Race-Conscious Participation

DFW will meet the maximum feasible portion of its overall goal by using race-neutral means of facilitating DBE participation. DFW uses the following race-neutral means to increase DBE participation: performing outreach; attending pre-bid meetings to discuss the DBE program requirements; providing bonding, insurance and technical assistance; posting solicitations on the DFW web site; conducting an annual Small Contractor Development Training Workshop, conducting Capacity Building workshops, and other means as appropriate and applicable.

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

DFW will adjust the estimated breakout of race-neutral and race-conscious participation as needed to reflect actual DBE participation (see 26.51f) and will also 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;
- DBE participation through a subcontract from a prime contractor that did not consider a firm's DBE status in making the award.

Since DFW has an actual achieved race neutral of 0% DBE and the median from the chart below is 0%, DFW proposes a 0% race neutral DBE goal for FY 2017-2019.

<u>FY</u>	<u>DBE Race- Neutral Participation*</u>
2010	0.00%
2011	0.00%
2012	6.70%
20013	0.00%
2014	0.19%
Median	0.00 %

Therefore, DFW anticipates that it will meet 28.0% of its overall annual goal for FY 2017-2019 through race-conscious contract goals and 0.0% through race-neutral measures. DFW will monitor DBE participation throughout the year to adjust the use of contract goals to ensure that their use does not exceed the overall goal and further track availability of bidders for future adjustments.

Public Participation
(see Attachment D)

Contract Goal Language

DFW will use contract goals to meet any portion of the overall goal that cannot be met 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 the recipient's overall goal that is not projected to be met through the use of race-neutral means.

DFW will establish contract goals only on those DOT-assisted contracts that have DBE availability. We need not establish a contract goal on every contract, and the size of the contract goals will be adapted to the circumstance of each such contract (i.e., scope of work, location of work, and availability of DBEs to perform the particular type of work).

DFW will express our contract goal as a percentage of the total amount of DOT-assisted contracts.