



Los Angeles World Airports

DBE Goal Setting Stakeholders Meeting

September 10, 2019

Agenda

- Welcome and Introductions
- DBE Program Background
- LAWA's Goal Setting Methodology
- Anticipated AIP Projects
- LAWA's Proposed Overall DBE Goal FFYs 2020-2022
- Questions

DBE Program - Background

Governing Regulation - 49 CFR Part 26

- Participation by Disadvantaged Business Enterprises (DBEs) in the U.S. Department of Transportation (USDOT) Financial-Assisted Contracts
- Recipient must ensure nondiscrimination in the award and administration of DOT-assisted contracts
- The contractor shall carryout applicable requirement of 49 CFR part 26 in the award and administration of DOT-assisted contracts

Who Must Have a DBE Program?

49 CFR Part 26, §26.21

- FAA recipients receiving grants for airport planning or development who will award prime contracts exceeding \$250,000 in FAA funds in a Federal fiscal year.
- LAWA is a recipient of the Federal Aviation Administration (FAA) Airport Improvement Program (AIP) Grant. As a grant recipient, LAWA is required to establish an overall DBE goal for FAA-assisted contracts

What is a DBE?

Disadvantaged Business Enterprise (DBE) means a for-profit small business:

1. At least 51% owned by one or more individuals who are both socially and economically disadvantaged, or, in the case of a corporation, in which 51% of the stock is owned by one or more socially and economically disadvantaged individuals; and
2. Management and daily business operations are controlled by one or more of the socially and economically disadvantaged individuals who own the business.

DBE Program Objectives

- To ensure nondiscrimination in the award and administration of DOT-assisted contracts in the Department's highway, transit, and airport financial assistance programs;
- To create a level playing field on which DBEs can compete fairly for DOT-assisted contracts;
- To ensure that the Department's DBE program is narrowly tailored in accordance with applicable law;
- To ensure that only firms that fully meet this part's eligibility standards are permitted to participate as DBEs;
- To help remove barriers to the participation of DBEs in DOT-assisted contracts;

DBE Program Objectives (cont.)

- To promote use of DBEs in all types of federally-assisted contracts and procurement activities conducted by recipients;
- To assist the development of firms that can compete successfully in the marketplace outside the DBE program; and
- To provide appropriate flexibility to recipients of Federal financial assistance in establishing and providing opportunities for DBEs.

DBE Compliance Requirements



1. Establish an Overall DBE Goal (set triennially)
2. DBE Certification
 - *Performed by the California Unified Certification Program*
 - *LAWA Certification Program*
3. Contracting Activities – Provide Assurances
4. Compliance Monitoring and Enforcement
5. Reporting – Performed annually

Goal Setting Objective

LAWA's overall objective of setting a DBE goal is to estimate the percentage of DBE participation absent the effects of discrimination.

Pursuant to Section 26.45 of 49 CFR, Part 26

- A recipient must set an overall goal for DBE participation on DOT-assisted contracts
- Overall goal must be based on demonstrable evidence of the availability of ready, willing and able DBEs relative to all businesses ready, willing and able to participate on DOT-assisted contracts
- Overall goal must reflect the recipient's determination of the level of DBE participation absent the effects of discrimination

Goal Setting Methodology

Two-Step Process:

- Step 1.* Begin goal setting process by determining a Base Figure for the relative availability of DBEs.
- Step 2.* Examine all of the evidence available in LAWA's jurisdiction to determine what adjustment, if any, is needed to adjust the base figure to arrive at the overall DBE goal.

DOT Goal Setting Methodologies

1. Use DBE Directories and Census Bureau Data

Determine the number of ready, willing and able DBEs in the market area from the DBE directory. (LAWA used this method for goal setting)

2. Use an Active Participants or Bidders List

Determine the number of DBEs and all businesses that have attempted to or participated in LAWA federally-assisted contracts.

3. Use data from a disparity study

Use a percentage derived from an applicable disparity study.

4. Use the goal of another recipient

If another airport or DOT recipient in the same market has set an overall goal in compliance with this rule, you may use that goal as a base figure for your goal.

5. Alternative Methods

Any methodology you choose must be based on demonstrable evidence of local market conditions and be designed to ultimately attain a goal that is rationally related to the relative availability of DBEs in your market area.

Work Categories/NAICS Codes/Geographic Mkt Area

NAICS Construction Classifications (2016 Census)								
Revised 08/09/2019								
Work Categories (Construction, Specialty Trades and Design)	NAICS	Los Angeles County	Orange County	San Diego County	Ventura County	Total	Total Number of Certified DBEs (CUCP)	% of DBEs
Highway and Street Construction	237310	80	66	75	14	235	188	80.00%
Other Heavy Construction	237990	41	42	27	7	117	115	98.29%
<i>Subtotal Heavy Construction</i>		121	108	102	21	352	303	86.08%
Electrical	238210	1886	872	776	234	3768	138	3.66%
Concrete	238110	244	147	165	63	619	93	15.02%
Structural Steel	238120	106	29	49	17	201	59	29.35%
Framing Contractors	238130	136	65	72	34	307	26	8.47%
Masonry Contractors	238140	203	117	133	53	506	28	5.53%
Other Building/Equip	238290	150	73	57	11	291	9	3.09%
Painting/Wall Covering	238320	716	400	374	112	1602	32	2.00%
Flooring Contractors	238330	340	161	206	40	747	12	1.61%
Finish Carpentry	238350	420	291	248	81	1040	23	2.21%
Other Building Finish	238390	170	125	89	18	402	17	4.23%
Excavation	238910	337	182	208	74	801	117	14.61%
Other Specialty Trade	238990	513	304	339	99	1255	150	11.95%
<i>Subtotal Specialty Trades</i>		5221	2766	2716	836	11539	704	6.10%
Total Construction Categories		5342	2874	2818	857	11891	1007	8.47%
Architectural Services	541310	1030	406	313	62	1811	96	5.30%
Engineering Services	541330	1600	1163	1106	248	4117	344	8.36%
Surveying Services	541370	57	47	54	10	168	56	33.33%
Testing Laboratories/acoustics	541380	180	132	83	33	428	55	12.85%
Security Services	561612	625	154	141	34	954	46	4.82%
Total Design and Other Categories		3492	1902	1697	387	7478	597	7.98%

Calculating Step One Base Figure

Step One Base Figure = Ready, willing and able DBEs
All firms ready, willing, and
able (DBEs and non-DBEs)

Construction Work Categories: $\frac{1,007}{11,891} = 8.47\%$

Design Services Work Categories: $\frac{597}{7,478} = 7.98\%$

Anticipated Projects

FFY 2020

- Construction of Runway D Extension Between Taxiway C14 and AA
- Reconstruction of Taxiway A and B, and Improve Lighting (Phase 4)
- Taxiway A and B Service Road Improvements (Phase 4)

FFY 2021

- Construction of North Airfield Exit Taxiways, Part
- Reconstruction of Taxiway A and B and Improve Lighting (Phase 2)
- Rehabilitate Runway 16L-34R

FFY 2022

- Construction of North Airfield Exit Taxiways, Part 2
- Construction of Bull Creek Service Road
- Rehabilitation of Taxilane B1
- Rehabilitation of Runway 16L-34RL

Anticipated Projects (Cont.)

FFY 2020	\$59,244,000
FFY 2021	\$100,693,000
FFY 2022	<u>\$68,119,000</u>
Estimated Total	\$228,056,000

Project Breakdown

Construction:	79% – 89%
Design Services:	11% – 21%

Weighted DBE Calculations

Federal FYs and Types of ACIP Projects	Airport	Estimated Contract Costs	Work Breakdown	DBE Availability	Weighted DBE Dollars
FY 2020					
Construct Runway D Extension Between Taxiway C14 and Taxiway AA	LAX				
Estimated Project Cost		\$ 35,000,000.00	79%	8.47%	\$ 2,964,500
Estimated Soft Costs		\$ 9,450,000.00	21%	7.98%	\$ 754,110
Estimated Total Costs		\$ 44,450,000.00			
Reconstruction of Taxiway A and B, and Improve Lighting (Phase 4)	VNY				
Estimated Project Cost		\$ 11,000,000.00	89%	8.47%	\$ 931,700
Estimated Soft Costs		\$ 1,375,000.00	11%	7.98%	\$ 109,725
Estimated Total Costs		\$ 12,375,000.00			
Taxiway A and B Service Road Improvements (Phase 4)	VNY				
Estimated Project Cost		\$ 2,150,000.00	89%	8.47%	\$ 182,105
Estimated Soft Costs		\$ 269,000.00	11%	7.98%	\$ 21,466
Estimated Total Costs		\$ 2,419,000.00			
FY 2021					
Construct North Airfield Exit Taxiways, Part 1	LAX				
Estimated Project Cost		\$ 51,200,000.00	79%	8.47%	\$ 4,336,640
Estimated Soft Costs		\$ 13,824,000.00	21%	7.98%	\$ 1,103,155
Estimated Total Costs		\$ 65,024,000.00			
Reconstruct Taxiway A and B and Improve Lighting (Phase 2)	VNY				
Estimated Project Cost		\$ 22,060,000.00	79%	8.47%	\$ 1,868,482
Estimated Soft Costs		\$ 5,957,000.00	21%	7.98%	\$ 475,369
Estimated Total Costs		\$ 28,017,000.00			

Weighted DBE Calculations (Cont.)

Federal FYs and Types of ACIP Projects	Airport	Estimated Contract Costs	Work Breakdown	DBE Availability	Weighted DBE Dollars
Rehabilitate Runway 16L-34R	VNY				
Estimated Project Cost		\$ 6,025,000.00	79%	8.47%	\$ 510,318
Estimated Soft Costs		\$ 1,627,000.00	21%	7.98%	\$ 129,835
Estimated Total Costs		\$ 7,652,000.00			
FY 2022					
Construct North Airfield Exit Taxiways, Part 2	LAX				
Estimated Project Cost		\$ 51,200,000.00	79%	8.47%	\$ 4,336,640
Estimated Soft Costs		\$ 13,824,000.00	21%	7.98%	\$ 1,103,155
Estimated Total Costs		\$ 65,024,000.00			
Construct Bull Creek Service Road	VNY				
Estimated Project Cost		\$ 400,000.00	79%	8.47%	\$ 33,880
Estimated Soft Costs		\$ 108,000.00	21%	7.98%	\$ 8,618
Estimated Total Costs		\$ 508,000.00			
Rehabilitate Taxilane B1	VNY				
Estimated Project Cost		\$ 1,561,000.00	79%	8.47%	\$ 132,217
Estimated Soft Costs		\$ 422,000.00	21%	7.98%	\$ 33,676
Estimated Total Costs		\$ 1,983,000.00			
Rehabilitate Runway 16L-34RL	VNY				
Estimated Project Cost		\$ 475,000.00	79%	8.47%	\$ 40,233
Estimated Soft Costs		\$ 129,000.00	21%	7.98%	\$ 10,294
Estimated Total Costs		\$ 604,000.00			
Estimated Project Cost (Construction)		\$ 181,071,000			
Estimated Soft Costs (Design)		\$ 46,985,000			
Total Estimated Costs		\$ 228,056,000			\$ 19,086,117

Step One Base Figure - Weighted

Divide the Weighted DBE Dollars (\$19,086,117)
by Total Estimated Project Costs (\$228,056,000)

Base Figure = 8.37%

Step 2: Adjustment Based on Past Participation

- Past DBE Participation

FFY 2016	11.40%
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FFY 2017	9.42%
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FFY 2018	11.87%
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- Past Median Participation = 11.40%

- The adjusted DBE goal is derived from the aggregate total percentage of the Step 1 Base Figure (8.37%) and the median past participation percentage (11.40%) and dividing by 2.

- **LAWA's Adjusted DBE Goal FFYs 2020-2022 = 9.88%**

Questions

