

FY 2015 – FY 2017 DBE GOAL UPDATE

Airport Sponsor: Fargo – Hector International Airport

City/State: P.O. Box 2845
Fargo, North Dakota 58108

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Goal Period: October 1, 2015 to September 30, 2017

Overall Goal: **2.4%** (1.3% race neutral + 1.1% race conscious)

OVERALL GOAL:

The overall goal of the Fargo International Airport for FY 2015 – FY 2017 is **2.4%** of the FAA grant program. The airport expects \$35,000,000 of eligible projects of which \$840,000 will be anticipated to be completed with DBE participation in these fiscal years. The Fargo International Airport competes for bidders with other public airports and with highway related work.

METHOD:

Step 1: The ND DOT Department determined the availability of DBEs from information supplied by all bidders on prime contracts and subcontracts from April 1, 2010 to March 30, 2011. This information was used to determine the pool of ready, willing, and able DBEs and non-DBEs. There were a total of 351 bidders: 309 non-DBEs and 42 DBEs (see chart below). A total of 20 consultants bid on consulting projects. A weighted average was developed by determining what percent non-DBEs and DBEs did of both the prime contracting and subcontracting work. **This calculation establishes a base figure for Step 1 of 7.93%.**

	Prime Bidders	Subcontractors or Suppliers	Consultants	Total
DBE	6	36	1	43
NON-DBE	102	207	19	328
TOTAL	108	243	20	371

	Dollars	%
Prime	\$ 373,359,629	72.29%
Subcontract	\$ 133,073,313	25.77%
Consultant	\$ 10,043,163	1.94%
Total	\$ 516,480,105	100.00%

<u>Goal Calculation</u>	
$6/108 = 4.01\%$	$(.7229) = 4.01\%$
$36/243 = 14.81\%$	$(.2577) = 3.82\%$
$1/20 = 5.00\%$	$(.0194) = 0.10\%$
	7.93%

Step 2: When ten years of data are available, past average participation can be determined by adding the total percentage and dividing by the number of years that projects with federal participation occurred. In this case the total of adding the percentages together is equal to 16.85 percent. This figure is divided by 9 since one of the years did not have a project for a total of 1.87 percent. The 1.87 percent is then added to the Step 1 figure of 7.93 percent for a total of 9.80 percent. Dividing this 9.80 percent by 2 equals 4.9 percent which is the new adjusted number.

Year	DBE	Non-DBE	Total Projects \$s	DBE % Attained
2004	\$223,973	\$10,800,413	\$11,024,386	2.03%
2005	\$47,034	\$1,454,396	\$1,501,430	3.13%
2006	\$7,180	\$1,694,503	\$1,701,683	0.42%
2007	\$29,618	\$2,672,983	\$2,702,601	1.10%
2008	\$22,616	\$1,656,091	\$1,678,707	1.35%
2009	\$12,000	\$680,953	\$692,953	1.73%
2010	\$54,326	\$3,517,658	\$3,571,984	1.52%
2011			No Project	
2012	\$308,612	\$8,774,118	\$9,082,730	3.40%
2013	\$67,273	\$3,039,771	\$3,107,044	2.17%
TOTALS	\$765,452	\$34,290,886	\$35,063,518	16.85%

ADJUSTMENTS

ND DOT also considered available evidence from related fields that affect the opportunities for DBEs to form, grow, and compete. To determine the effects of discrimination on opportunities for DBEs to get financing, bonding, or insurance, The ND DOT contacted the following:

- ND Attorney General's Office
- ND Department of Banking and Financial Institutions
- ND Department of Commerce
- ND Department of Human Services
- ND Small Business Development Center
- ND Office of Management and Budget
- ND University System

No information was received from these sources indicating that an adjustment based on this evidence is not warranted. It is however estimated that there is a barrier to entry and disparity in the local market as DBE's in North Dakota are often small firms that have a lack of interest in the projects that take place on an airport. It is estimated that the lack of interest and local disparity justifies a 2.5% goal decrease.

From this data we adjusted the base percentage of 7.93% with the actual 1.87% average of the past 10 years of projects which yields a 4.9% figure that is reduced by an additional 2.5% because of local disparity. The result of this adjustment is a final DBE goal of **2.4%** which is

.53% above the 10 year historical DBE success rate of 1.87%.

Through reviewing historical achievements, the airport estimates that we would obtain 1.3% from race neutral participation and 1.1% through race conscious measures. This goal will be sent forward to consultation prior to publishing a public notice.

PROCESS

The Fargo International Airport submits its overall goal on August 1st of each three year cycle for all FAA grants that exceed \$250,000. Before establishing the overall goal, the Fargo International Airport will consult with the North Dakota Aeronautics Commission and the NDDOT and then utilize the current listing of minority contract associations in the DBE roster (Minority Contractors Association of ND and Minority Association of Contractors) to obtain information concerning the availability of disadvantaged and non-disadvantaged businesses, the effects of discrimination on opportunities for DBEs, and the efforts to establish a level playing field for participation of DBEs. NDDOT web site provides information on the DBE program, goals, and certification.

Following this consultation, the Fargo International Airport will publish a notice of the proposed overall goal, informing the public that the proposed goal and its rationale are available for inspection during normal business hours at the Fargo International Airport Office for 30 days following the date of this notice, and informing the public that the Fargo International Airport will accept comments on the goals for 45 days from the date of notice. The notice will be published in the local newspaper. Normally, we will issue this notice by August 15th of each third year. The notice will include addresses to which comments may be sent and addresses where the proposal may be reviewed. We will begin using our overall goal on October 1 of each third year, unless we have received other instruction from the FAA or DOT.

BREAKOUT OF ESTIMATED RACE-NEUTRAL AND RACE CONSCIOUS PARTICIPATION:

The Fargo International Airport will 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:

1. Advertise program goals.
2. Encouraging prime contractors to subcontract portions of their work they would otherwise perform.
3. Providing engineer consultant technical assistance and other services to fill out bids.
4. Ensuring prime contractors have lists of potential DBE subcontractors.
5. Inform prime contractors of past DBE participants.

6. Ensuring prime contractors have the web address for the ND DOT DBE Directory.
7. Utilize engineer consultants to administer and monitor compliance.

For reporting purposes, race-neutral DBE participation includes but is not necessarily limited to:

1. DBE participation through a prime contract a DBE obtains through customary competitive procurement procedures or through the consultant selection process;
2. DBE participation through a subcontract on a prime contract that does not carry a DBE goal; and
3. DBE participation through a subcontract from a prime contractor that did not consider a firm's DBE status in making the award.

We estimate that, in meeting our overall goal of 2.4%, we will obtain 1.3% from race-neutral participation and 1.1% through race-conscious means. Knowing that there is disparity and lack of DBE participation in the past, the Fargo International Airport feels that there will be some success in using DBE participation in upcoming projects. Looking at upcoming projects and reflecting on the years that the airport has some success in gaining DBE participation, the airport feels that the goal of 2.4% can be accomplished.

Contract Goals

The Fargo International Airport will use contract goals to meet any portion of the overall goal. 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.

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

We will express our contract goals as a percentage of the total amount of the DOT assisted contract.