

## Houston County Airport, Houston County, Minnesota

### Section 26.45: Overall DBE Three-Year Goal Methodology

**Name of Recipient:** Houston County Airport, Houston County, MN

**Goal Period:** FY-2013-2014-2015 – October 1, 2012 through September 30, 2015

<b>DOT-assisted contract amount:</b>	FY-2013 \$517,500
	FY-2014 \$0
	<u>FY-2015 \$0</u>
<b>Total</b>	\$517,500

**Overall Three-Year Goal:** 1.51%, to be accomplished through 1.51% RC and 0% RN

**Total dollar amount to be expended on DBE's:** \$7,815

### **Describe the Number and Type of Projects that the airport anticipates awarding:**

Projects Fiscal Year #1

1. Design and Construction: Runway 13/31 Mill & Overlay - \$405,000
2. Construction: Apron Mill & Overlay - \$112,500

Projects Fiscal Year #2 - No project planned

Projects Fiscal Year #3 - No project planned

**Market Area:** Houston County, MN and the Rochester, MN District

### **Step 1. Analysis:** Actual relative availability of DBE's

The work involving use of federal transportation funds was examined using the associated NAICS potential work items and the market area businesses from the Minnesota DBE Directory and the U.S. Census Bureau. Websites used are from the following:

- DBE Directories <http://osdbu.dot.gov/DBEProgram/StateDOTDBESites.cfm>
- Census Bureau Data <http://www.census.gov/econ/cbp/index.html>

**Fiscal Year 2013 - Runway 13/31 and Apron Mill and Overlay (Design and Construction):**

NAICS CODE	ITEM DESCRIPTION	TOTAL NUMBER OF MN DBE DIRECTORY BUSINESS	TOTAL NUMBER OF US CENSUS BUREAU BUSINESSES	RELATIVE AVAILABILITY OF DBE's
212321	Sand & Gravel	0	1	0.00%
237310	Airport Paving/Marking/Construction	0	9	0.00%
238210	Electrical Contractors	1	57	1.75%
238910	Demolition/Excavation/Site Preparation	1	35	2.86%
484220	Trucking	2	29	6.90%
541330	Construction Engineering (Airports)	0	43	0.00%
541370	Construction Survey	0	3	0.00%
561990	Traffic Control	0	1	0.00%
561730	Landscaping/Erosion Control	1	96	1.04%
<b>SUM TOTALS</b>		<b>5</b>	<b>274</b>	<b>1.82%</b>

**Fiscal Year 2014** - No project planned - 0%

**Fiscal Year 2015** - No project planned - 0%

The base figure was attained by adding the three fiscal year project percentages together (1.82+0+0) and dividing by three for a base figure of 1.82%. Relative weight is used as follows:

**Relative Weight**

**Fiscal Year 2013 - Runway 13/31 and Apron Mill and Overlay (Design and Construction):**

	ITEM DESCRIPTION	REL. AVAIL. OF DBE's	RELATIVE WEIGHT	ADJUSTED PERCENTAGE
212321	Sand & Gravel	0.00%	0.180	0.00%
237310	Airport Paving/Marking/Construction	0.00%	0.350	0.00%
238210	Electrical Contractors	1.75%	0.005	0.01%
238910	Demolition/Excavation/Site Preparation	2.86%	0.250	0.71%
484220	Trucking	6.90%	0.070	0.48%
541330	Construction Engineering (Airports)	0.00%	0.100	0.00%
541370	Construction Survey	0.00%	0.020	0.00%
561990	Traffic Control	0.00%	0.020	0.00%
561730	Landscaping/Erosion Control	1.04%	0.005	0.01%
<b>SUM TOTALS</b>			<b>1.00</b>	<b>1.21%</b>

**Fiscal Year 2014** - No projects planned - 0%

**Fiscal Year 2015** - No projects planned - 0%

To arrive at an overall goal, we added our Step 1 base figure (1.82%) with the relative weight adjustment figure (1.21%) and then averaged the total arriving at an overall goal of 1.51%. We believe this adjusted goal figure of 1.51% will accurately reflect DBE participation that can be achieved for the type of project work being awarded during this three-year overall goal period.

**Step 2. Analysis:** Adjustments to Step 1 base figure.

After calculating a base figure of the relative availability of DBEs, evidence was examined to determine what adjustment (if any) was needed to the base figure in order to arrive at the overall goal. We examined past history participation and applicable disparity studies as follows:

There is no past history participation for previous Houston County Airport projects and will not be used to adjust the base figure.

Further, there are no applicable disparity studies for the local market area or recent legal case information available from the State of Minnesota to show any evidence of barriers to entry or competitiveness of DBEs.

**Breakout of Estimated “Race and Gender Neutral” (RN) and “Race and Gender Conscious” (RC) Participation.**

26.51(b) (1-9)

The recipient estimates that in meeting its overall goal 1.51%, it will obtain 0% from RN participation and 1.51% through RC measures.

This breakout is based on the Houston County Airport does not have a history of DBE participation or over-achievement of goals to reference and expects to obtain its DBE participation through the use of DBE contract goals or a conscious effort to obtain DBE participation. Therefore, we are applying the entire goal of 1.51% to race-conscious participation.

The Houston County Airport will adjust the estimated breakout of RN and RC DBE participation as needed to reflect actual DBE participation (see Section 26.51(f)) and track and report RN and RC participation separately. For reporting purposes, RN DBE participation includes, but is not necessarily limited to, the following: DBE participation through a prime contract obtained 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 and DBE participation through a subcontract from a prime contractor that did not consider a firm’s DBE status in making the award.

**Public Participation**

**Consultation:** Section 26.45(g)(1).

The Houston County Airport submits its overall DBE three-year goal to DOT as required.

Before establishing the overall goal, the Houston County Airport will consult with the Houston County Area Chamber of Commerce and State of Minnesota Civil Rights office, without limiting consultation to these persons or groups, to obtain information concerning the availability of disadvantaged and non-disadvantaged businesses, the effects of discrimination on opportunities for DBEs, and the Houston County Airport efforts to establish a level playing field for the participation of DBEs.

Following the consultation, we will publish a notice on the Houston County Airport's website 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 County Auditor's office, Houston County Courthouse, 304 South Marshall, Caledonia, MN 55921 for 30 days following the date of the notice, and informing the public that the Houston County Airport and U.S. DOT will accept comments on the goals for 45 days from the date of the notice.

Our overall goal submission to U.S. DOT will include a summary of information and comments received during this public participation process and our responses, if any. No comments have been received on previous DBE overall goal notices.

### **Contract Goals**

The Houston County Airport will use contract goals to meet any portion of the overall goal that the recipient does not project being able to meet using RN 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 RN means.

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

We will express our contract goals as a percentage of the Federal share of a DOT-assisted contract.

## **SMALL BUSINESS PARTICIPATION**

### **A. Objective (49 CFR Part 26.39)**

Recognizing that the DBE Program goals should be met through a mixture of race-conscious and race-neutral methods and, that by definition, DBE firms are small businesses; the Houston County Airport seeks to implement a small business element into its current DBE policy in accordance with applicable law. The Houston County Airport is including this element to facilitate competition by and expand opportunities for small businesses. The Houston County Airport is committed to taking all reasonable steps to eliminate obstacles to small businesses that may preclude their participation in procurements as prime contractors or subcontractors. The Houston County Airport will meet its objectives using a combination of the following methods and strategies:

1. **Set asides:** Where feasible, the Houston County Airport will establish a percentage of the total value of all prime contract and subcontract awards to be set aside for participation by small businesses on FAA-assisted contracts. A “set-aside” is the reserving of a contract or a portion of a contract exclusively for participation by small businesses. This requires that the Houston County Airport and its prime contractors/consultants set aside a portion of the value of each contract for participation by small businesses. A small business set-aside is open to all small businesses regardless of the owner’s gender, race or geographic location. The Houston County Airport and their assigned DBELO will review FAA-assisted purchases and contracts to assess the small business opportunities, giving consideration to the size and scope of each purchase or contract to establish the set aside percentage. This set aside is in addition to the DBE contract goals which may be required pursuant to applicable law or policy. In the event that a set-aside is not established on an FAA-assisted contract, the Houston County Airport and DBELO will document why a small business set-aside is inappropriate.
2. **Unbundling:** The Houston County Airport, where feasible, may “unbundle” projects or separate large contracts into smaller contracts which may be more suitable for small business participation. The Houston County Airport will conduct contract reviews on each FAA-assisted contract to determine whether portions of the project could be “unbundled” or bid separately. Similarly, the Houston County Airport will encourage its prime contractors or prime consultants to unbundle contracts to facilitate participation by small businesses.

### **B. Definitions**

1. **Small Business:**  
A small business is a business that is independently owned and operated, is organized for profit, and is not dominant in its field. Depending on the industry, size standard eligibility is based on the average number of employees for the preceding twelve months or on sales volume averaged over a three-year period. Small businesses must meet the definitions specified in Section 3 of the Small Business Act and the Small Business Administration regulations implementing it (13 CFR Part 121).
2. **Disadvantaged Business Enterprise:**  
A for-profit small business (as defined by the Small Business Administration) —

- That is at least 51 percent owned by one or more individuals who are both socially and economically disadvantaged or, in the case of a corporation, in which 51 percent of the stock is owned by one or more such individuals;
- Whose socially and economically disadvantaged owners do not exceed the personal net worth (PNW) as described in 49 CFR Part 26. The current PNW cap is \$1.32 million.
- Whose management and daily business operations are controlled by one or more of the socially and economically disadvantaged individuals who own it; and
- Has been certified as a DBE by the State of Minnesota Civil Rights Office in accordance with 49 CFR 26.

For the purposes of the small business element of the Houston County Airport's DBE Program, small businesses which are also owned and controlled by socially disadvantaged individuals will be encouraged to seek DBE certification. Only DBE certified firms will be counted towards DBE race-neutral participation on FAA-assisted contracts.

### **C. Certification and Verification Procedures**

The Houston County Airport will accept the following certifications for participation in the small business element of the Houston County Airport's DBE Program with applicable stipulations:

1. DBE Certification by State of Minnesota Civil Rights Office which stipulates that a firm has been determined to meet all the requirements in accordance with 49 CFR Part 26. All certification determinations are evidenced by a letter of DBE certification issued by the State of Minnesota Civil Rights Office.
2. State of Minnesota Civil Rights Office Small Business Programs.
3. SBA 8(a) Business Development Certification (as described in 13 CFR Parts 121 and 124) - will require submittal of three years of business tax returns.

Special Note: Minority and women-owned business enterprises which are awarded contracts under the small business enterprise set aside will be strongly encouraged to seek DBE certification in order to be counted towards race neutral DBE participation.

### **D. Implementation Schedule**

The Houston County Airport will implement this small business element within nine months of the FAA's approval of this document describing the element.

### **E. Assurances**

The Houston County Airport makes the following assurances:

1. The DBE Program, including its small business element is not prohibited by state law;
2. Certified DBEs that meet the size criteria established under the DBE Program are presumptively eligible to participate in the small business element of the DBE Program;
3. There are no geographic or local preferences or limitations imposed on FAA-assisted contracts and the DBE Program is open to small businesses regardless of their location;

4. There are no limits on the number of contracts awarded to firms participating in the DBE Program;
5. Reasonable effort will be made to avoid creating barriers to the use of new, emerging, or untried businesses; and
6. Aggressive steps will be taken to encourage those minority and women owned firms participating in the small business element of the DBE Program that are eligible for DBE certification to become certified.