



Florence Regional Airport

FY 2016 – FY 2018

DBE program update

August 2016



Prepared by Ken Weeden & Associates, Inc.

METHODOLOGY for Establishing the FY 2016 – FY 2018 Overall Disadvantaged Business Enterprise (DBE) Goal for:

Florence, SC

In fulfillment of the requirements of 49 CFR Part 26, the Florence Regional Airport (hereafter ‘the Airport’) has developed a proposed Overall Goal for FY 2016-2018 FAA-AIP projects for the Airport. The methodology used in establishing this goal is described herein.

I. Detailed Methodology: Specific Steps

A. Amount of Goal

The Airport’s overall goal for FY 2016-2018 is **12.6%** of the Federal financial assistance it will expend in USDOT-assisted contracts.

Given the amount of USDOT-assisted contracts that the Airport expects to let from FY 2016-2018, which is approximately **\$5,331,985**, this means that the Airport has set a goal of expending approximately **\$674,175** with DBEs during this period.

B. Determination of the Market Area of the study

The normal market area was based on discussions with the Airport staff and an assessment of bidders from similar recent projects. Specifically, the market area is based on where the substantial majority of bidders, both successful and unsuccessful are located and where the substantial majority of funding was spent as illustrated in **Table 1** below:

Table 1: Florence Regional Airport Market Area

County	Bidders	Percent of bidders	Dollars	Percent of dollars
Darlington	4	23.5%	\$23,210	8.5%
Florence	0	0.0%	\$0	0.0%
Horry	7	41.2%	\$248,675	91.5%
Sumter	2	11.8%	\$0	0.0%
Market Area	13	76.5%	\$271,885	100.0%
Other	4	23.5%	\$0	0.0%
Total	17	100.0%	\$271,885	100.0%

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C. Determination of relevant NAICS codes

Based on information provided by the Airport concerning the proposed projects for this fiscal year, a list of NAICS codes corresponding to these projects was developed and is shown below:

**Table 2: Florence Regional Airport
FY 2016-FY 2018 Projects & Activities**

<i>FY 2016 Projects</i>		
<i>Project</i>	<i>Activity</i>	<i>NAICS</i>
Airfield Drainage Improvements	Highway & Street	237310
	Drainage	237990
	Site Prep	238910
	Landscaping	561730
New ARFF Building	Building Construction	236220
	Site Prep	238910
<i>FY 2017 Projects</i>		
<i>Project</i>	<i>Activity</i>	<i>NAICS</i>
Design - Connector Road	Engineering	541330
Design - Fence Rehabilitation	Engineering	541330
<i>FY 2018 Projects</i>		
<i>Project</i>	<i>Activity</i>	<i>NAICS</i>
New Connector Road	Highway & Street	237310
	Drainage	237990
	Site Prep	238910
	Landscaping	561730
Fence Rehabilitation	Site Prep	238910
	Fencing	238990
	Landscaping	561730

SOURCE: Florence Regional Airport

D. Determination of Relative Availability Of DBEs in Market Area, Compared to all Firms

**Table 3a: DBES—Florence Regional Airport
by Relevant NAICS Codes—FY 2016**

<i>NAICS Codes</i>	<i>DBE Firms</i>	<i>All Firms</i>	<i>% of DBE Firms Available</i>	<i>Ratio of estimated total expended</i>	<i>Weighted Total Availability</i>
236220	1	55	1.8%	6.3%	0.1%
237310	4	14	28.6%	1.3%	0.4%
237990	2	11	18.2%	85.5%	15.5%
238910	7	42	16.7%	4.0%	0.7%
561730	8	203	3.9%	3.0%	0.1%
WEIGHTED STEP 1 DBE BASE FIGURE =					16.8%

SOURCES:

1. 2014 County Business Patterns, U.S. Census Bureau.
2. South Carolina UCP DBE Directory, May 2016.

**Table 3b: DBES—Florence Regional Airport
by Relevant NAICS Codes—FY 2017**

<i>NAICS Codes</i>	<i>DBE Firms</i>	<i>All Firms</i>	<i>% of DBE Firms Available</i>	<i>Ratio of estimated total expended</i>	<i>Weighted Total Availability</i>
541330	0	55	0.0%	100.0%	0.0%
WEIGHTED STEP 1 DBE BASE FIGURE =					0.0%

SOURCES:

1. 2014 County Business Patterns, U.S. Census Bureau.
2. South Carolina UCP DBE Directory, May 2016.

**Table 3c: DBES—Florence Regional Airport
by Relevant NAICS Codes—FY 2018**

<i>NAICS Codes</i>	<i>DBE Firms</i>	<i>All Firms</i>	<i>% of DBE Firms Available</i>	<i>Ratio of estimated total expended</i>	<i>Weighted Total Availability</i>
237310	4	14	28.6%	12.4%	3.5%
237990	2	11	18.2%	0.6%	0.1%
238910	7	42	16.7%	5.7%	1.0%
238990	0	98	0.0%	76.4%	0.0%
561730	8	203	3.9%	4.8%	0.2%
WEIGHTED STEP 1 DBE BASE FIGURE =					4.8%

SOURCES:

1. 2014 County Business Patterns, U.S. Census Bureau.
2. South Carolina UCP DBE Directory, May 2016.

NOTE: The County Business Patterns data were used as the source to determine the denominator, or the number of all firms in the market area. The DBE directories listed above were used to determine the numerator, or the number of DBE firms in the market area.

E. Determination of the “Weighted” DBE Base Figure

The Step 1 DBE Base Figure for each fiscal year was derived by using a weighting process by which the percentage of dollars spent on various activities (represented by NAICS codes) were multiplied by the percentage of relevant DBE firms to all relevant firms as indicated in Table 3 above.

The Step 1 DBE Base Figure for the Airport for FY 2016 is **16.8%**.

The Step 1 DBE Base Figure for the Airport for FY 2017 is **0.0%**.

The Step 1 DBE Base Figure for the Airport for FY 2018 is **4.8%**.

II. Adjustments to the DBE Base Figure

After the DBE Base Figure has been developed, the regulations (49 CFR Part 26) require that:

“...additional evidence in the sponsor’s jurisdiction be considered to determine what adjustment, if any, is needed to the base figure in order to arrive at your overall goal” (26:45(d)).

A. Adjustment Factors to Consider

The regulations further state that there are several types of evidence that must be considered when adjusting the base figure. These include:

“(i) The current capacity of DBEs to perform work in your USDOT-assisted contracting program, as measured by the volume of work DBEs have performed in recent years.

The historical overall DBE goals accomplished at the Airport in recent years were examined relative to the above consideration. Notice the annual DBE percent accomplishment indicated in Table 4 below:

**Table 4: Florence Regional Airport
DBE Accomplishment**

Report Period	Approved DBE Goal	Total DBE Percent Achieved	Achieved Over/Under
FY 2006	11.50%	11.40%	-0.10%
FY 2008	9.00%	13.00%	4.00%
FY 2010	11.80%	9.50%	-2.30%
MEDIAN	11.50%	11.40%	-0.10%

The median DBE accomplishment for the periods as shown above for the Airport is 11.4% compared to the Step 1 Base Figure for the airport of 16.8% for FY 2016, 0.0% for FY 2017 and 4.8% for FY 2018 derived using the methodology detailed above.

B. Consultations

The Airport held a stakeholder meeting on August 11, 2016 at 11:00 am. The purpose of the meeting was to solicit information from interested stakeholders about the draft goal, as well as the availability of potential DBEs at the Airport, the effects of discrimination on opportunities for DBEs, and the Airport’s effort to increase DBE participation.

**Table 5: Florence Regional Airport
Stakeholder Meeting
Attendee List**

Name	Company/Organization
Marshell Johnson	Florence Regional Airport
Reginald McLeod	CMA Services, Inc.
Wilfred Nixon	Ken Weeden & Associates

C. Adjustment to Step 1 DBE Base Figures: Florence Regional Airport, FY 2016-FY 2018

With the adjustment factors considered to this point, the Airport will adjust the Step 1 base figures as calculated above by adding the annual accomplishment factor derived in Table 4 above (11.4%) to the base figure for fiscal years 2016 and 2018, averaging the total for an adjusted DBE goal. The base figure for FY 2017 was not adjusted because past projects were not similar to the FY 2017 projects.

**Table 5: Florence Regional Airport
FY 2016 – FY 2018 Overall Goal**

Fiscal Year	Step1	Step 2 adjustment	Overall Goal	Total project costs	DBE Goal (dollars)
FY 2016	16.8%	11.4%	14.1%	\$4,329,945	\$610,522
FY 2017	0.0%	N/A	0.0%	\$216,200	\$0
FY 2018	4.8%	11.4%	8.1%	\$785,840	\$63,653
Total 3-year goal			12.6%	\$5,331,985	\$674,175

The total DBE goal in dollars was divided by the total project costs to derive the overall DBE goal of 12.6% for FY 2016-FY 2018.

III. Process

The Airport will normally submit its overall goal to the FAA on August 1 of each goal year.

Before establishing the overall goal this year, the Airport consulted with minority, women's and general contractor groups, community organizations, and other officials or organizations to obtain information concerning the availability of disadvantaged and non-disadvantaged businesses, the effects of discrimination on opportunities for DBEs, and the Airport's efforts to establish a level playing field for the participation of DBEs.

Following this consultation, the Airport published a notice of the proposed overall goal, informing the public that the proposed goal and its rationale were available for review and comment during normal business hours at the Airport's administrative office for 30 days following the date of the notice. The notice was published on the Airport's website. The notice included addresses (including offices) to which comments could be sent and addresses where the proposal could be reviewed. This process was used to establish the goals for FY 2016 to FY 2018.

The Airport's overall goal submission to the FAA will include a summary of information and comments received during this public participation process and our responses.

The Airport will begin using the overall goal on October 1 of each goal year, unless the Airport has received other instructions from DOT/FAA (or, if the goal is established on a project basis) by the time of the first solicitation for a DOT/FAA-assisted contract for the projects.

IV. Breakout of Estimated Race-Conscious/Race-Neutral Participation

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

1. *Arranging solicitations, times for the presentation of bids, quantities, specifications, and delivery schedules in ways that facilitate DBE, and other small businesses participation (e.g., unbundling large contracts to make them more accessible to small businesses, encouraging prime contractors to subcontract portions of work that they might otherwise perform with their own forces);*
2. *Disseminating information communications on contracting procedures and specific contract opportunities (e.g., ensuring the inclusion of DBEs, and other small businesses, on recipient mailing lists for bidders, ensuring the dissemination to bidders on prime contracts of lists of potential subcontractors).*

The Airport proposes a race-conscious goal of **12.6%** and a race-neutral goal of **0.0%**, for a total of **12.6%**. The reason for this breakout is that the projects from previous years show that the median amount by which the past DBE goals were under-achieved is **0.1%** (see **Table 4**). Therefore, it is projected that the entire goal of **12.6%** will be achieved using race conscious means.

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

VI. Contract Goals

The Airport will use contract goals to meet any portion of the overall goal that the Airport does not project being able to meet 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 overall goal that is not projected to be met through the use of race-neutral means.

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

The Airport will express its contract goals as a percentage of the Federal share of a DOT-assisted contract.

Appendix A: Resource Listing

A. Resource Documents:

1. South Carolina UCP DBE Directory
2. 2014 County Business Patterns, Census Bureau
3. Uniform Report of DBE Commitments/Awards and Payments