

FY 2015 - FY 2017

**DISADVANTAGED BUSINESS ENTERPRISE PROGRAM METHODOLOGY
FOR**



Greenville-Spartanburg Airport District
Greenville-Spartanburg International Airport
Greenville, SC

With Assistance From



Ken Weeden & Associates, Inc.

AUGUST 2014

METHODOLOGY for Establishing the FY 2015 – FY 2017 Overall Disadvantaged Business Enterprise (DBE) Goal for:

*Greenville-Spartanburg Airport District
Greer, SC*

In fulfillment of the requirements of 49 CFR Part 26, the Greenville-Spartanburg Airport District (hereafter ‘Airport District’) has developed a proposed Overall Goal for FY 2015-2017 FAA-AIP projects for the Greenville-Spartanburg International Airport. The methodology used in establishing this goal is described herein.

I. Detailed Methodology: Specific Steps

A. Amount of Goal

The Airport District’s overall goal for FY 2015-2017 is **10.2%** of the Federal financial assistance it will expend in USDOT-assisted contracts.

Given the amount of USDOT-assisted contracts that the Airport District expects to let from FY 2015-2017, which is approximately **\$20,771,000**, this means that the Airport District has set a goal of expending approximately **\$2,111,350** 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: Greenville-Spartanburg Airport District Market Area

County	Bidders	Percent of bidders	Dollars	Percent of dollars
Anderson	2	2.2%	\$597,090	1.2%
Cherokee	2	2.2%	\$688,159	1.4%
Greenville	45	48.9%	\$26,780,265	55.6%
Greenwood	2	2.2%	\$125,232	0.3%
Pickens	1	1.1%	\$105,598	0.2%
Richland	7	7.6%	\$5,956,258	12.4%
Spartanburg	10	10.9%	\$4,509,420	9.4%
Sumter	2	2.2%	\$646,211	1.3%
York	1	1.1%	\$14,268	0.0%
Market Area	72	78.3%	\$39,422,501	81.8%
Other	20	21.7%	\$8,774,411	18.2%
Total	92	100.0%	\$48,196,913	100.0%

C. Determination of relevant NAICS codes

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

**Table 2: Greenville-Spartanburg Airport District
FY 2015-FY 2017 Projects & Activities**

FY	PROJECT	ACTIVITY	NAICS
FY 2015	Terminal Improvement Program (Construction)	Building Construction	236220
		Concrete	238110
		Structural Steel	238120
		Roofing	238160
		Electrical	238210
		Mechanical	238220
		Carpentry	238350
		Site Prep	238910
		Engineering	541330
	Terminal Apron Reconstruction - Year 2	Highway & Street	237310
Drainage		237990	
Site Prep		238910	
Engineering		541330	
FY 2016	Update Master Plan	Engineering	541330
	ARFF Station (Design)	Engineering	541330
	ARFF Equipment 1500 gallon	Special purpose highway vehicle	336211
	Terminal Apron Reconstruction - Year 3	Highway & Street	237310
		Drainage	237990
		Site Prep	238910
		Engineering	541330
FY 2017	Terminal Apron Reconstruction - Year 3	Highway & Street	237310
		Site Prep	238910
		Engineering	541330
	ARFF Station Construction	Building Construction	236220
		Concrete	238110
		Structural Steel	238120
		Roofing	238160
		Electrical	238210
		Mechanical	238220
		Carpentry	238350
Site Prep	238910		
Engineering	541330		

SOURCE: Greenville-Spartanburg Airport District

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

**Table 3a: DBES—Greenville-Spartanburg Airport District
by Relevant NAICS Codes—FY 2015**

<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	14	210	6.7%	12.6%	0.8%
237310	6	70	8.6%	38.0%	3.3%
237990	10	18	55.6%	0.5%	0.3%
238110	25	70	35.7%	2.0%	0.7%
238120	6	24	25.0%	3.5%	0.9%
238160	2	91	2.2%	1.9%	0.0%
238210	11	354	3.1%	4.7%	0.1%
238220	4	549	0.7%	6.3%	0.0%
238350	4	113	3.5%	8.8%	0.3%
238910	14	187	7.5%	11.2%	0.8%
541330	9	377	2.4%	10.4%	0.2%
WEIGHTED STEP 1 DBE BASE FIGURE =					7.6%

SOURCES:

1. 2012 County Business Patterns, U.S. Census Bureau.
2. South Carolina UCP DBE Directory, July 2014.

**Table 3b: DBES—Greenville-Spartanburg Airport District
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>
237310	6	70	8.6%	44.4%	3.8%
237990	10	18	55.6%	0.7%	0.4%
238910	14	187	7.5%	10.7%	0.8%
336211	0	3	0.0%	11.8%	0.0%
541330	9	377	2.4%	32.3%	0.8%
WEIGHTED STEP 1 DBE BASE FIGURE =					5.8%

SOURCES:

1. 2012 County Business Patterns, U.S. Census Bureau.
2. South Carolina UCP DBE Directory, July 2014.

**Table 3c: DBES—Greenville-Spartanburg Airport District
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>
236220	14	210	6.7%	19.2%	1.3%
237310	6	70	8.6%	23.1%	2.0%
238110	25	70	35.7%	3.0%	1.1%
238120	6	24	25.0%	5.3%	1.3%
238160	2	91	2.2%	2.9%	0.1%
238210	11	354	3.1%	7.2%	0.2%
238220	4	549	0.7%	9.6%	0.1%
238350	4	113	3.5%	13.4%	0.5%
238910	14	187	7.5%	5.6%	0.4%
541330	9	377	2.4%	10.9%	0.3%
WEIGHTED STEP 1 DBE BASE FIGURE =					7.1%

SOURCES:

1. 2012 County Business Patterns, U.S. Census Bureau.
2. South Carolina UCP DBE Directory, July 2014.

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 directory 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 District for FY 2015 is 7.6%.

The Step 1 DBE Base Figure for the Airport District for FY 2016 is 5.8%.

The Step 1 DBE Base Figure for the Airport District for FY 2017 is 7.1%.

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: Greenville-Spartanburg Airport District
DBE Accomplishment**

Report Period	Approved DBE Goal	Total DBE Percent Achieved	Achieved Over/Under
FY 2007	7.6%	17.4%	9.8%
FY 2008	7.6%	20.2%	12.6%
FY 2009	9.7%	13.4%	3.7%
FY 2010	10.0%	26.7%	16.7%
FY 2011	10.0%	0.0%	-10.0%
FY 2012	10.6%	3.9%	-6.7%
FY 2013	10.6%	3.5%	-7.1%
MEDIAN	9.7%	13.4%	-6.7%

The median DBE accomplishment for the periods as shown above for the Airport District is 13.4% compared to the Step 1 Base Figure for the airport of 7.6% for FY 2015, 5.8% for FY 2016, and 7.1% for FY 2017 derived using the methodology detailed above.

B. Consultations

The Airport District held a public meeting on July 30, 2014. The purpose of the meeting was to solicit information from interested stakeholders about the draft goal, as well as the availability of potential, the effects of discrimination on opportunities for DBEs, and the Airport District’s effort to increase DBE participation.

See **Tables 5 and 6** for the Stakeholder Meeting attendee and invitation lists. Below are a few comments made during the meeting:

How are NAICS codes assigned to companies?

DBE firms are assigned NAICS codes at time of certification by the South Carolina UCP.

How are firms made aware of your projects?

The Airport District advertises bids in the local newspaper and on its website.

Why has the Airport District not met its goal over the last few fiscal years?

The mix of projects has changed and the activities involved have lower DBE availability.

Table 5: Stakeholder Meeting Attendee List

Contact	Organization
Sherry Pittinger	Small Business Development Center
Wanda Jones	Greenville-Spartanburg Airport Commission
Wilfred Nixon	Ken Weeden & Associates

Table 6: Stakeholder Meeting Invitation List

Organization
Carolinas AGC
SC Commission for Minority Affairs.
Minority Business Development Agency - Columbia SC
Greenville Chamber of Commerce
South Carolina Women’s Business Center
City of Greenville Office of Management & Budget
Minority-Owned/Woman-Owned Business Enterprise Program
Minority Economic Development Institute
Small Business Development Center
Hispanic Connection

C. Adjustment to Step 1 DBE Base Figures: Greenville-Spartanburg Airport District, FY 2015-FY 2017

With the adjustment factors considered to this point, the Airport District will adjust the Step 1 base figures as calculated above by adding the annual accomplishment factor derived in Table 3 above (13.4%) to the base figure for each fiscal year as noted, and averaging the total, for an adjusted overall DBE goal.

Fiscal Year	Step1	Step 2 adjustment	Overall Goal	Total project costs	DBE Goal (dollars)
FY 2015	7.6%	13.4%	10.5%	\$8,617,000	\$904,785
FY 2016	5.8%	13.4%	9.6%	\$6,471,000	\$621,216
FY 2017	7.1%	13.4%	10.3%	\$5,683,000	\$585,349
Total 3-year goal			10.2%	\$20,771,000	\$2,111,350

The total DBE goal in dollars was divided by the total project costs to derive the overall DBE goal of 10.2% for FY 2015-FY 2017.

III. Process

The Airport District 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 District 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 District's efforts to establish a level playing field for the participation of DBEs.

Following this consultation, the Airport District published a notice of the proposed overall goal, informing the public that the proposed goal and its rationale were available for inspection during normal business hours at the Airport District's administrative office for 30 days following the date of the notice, and informing the public that the Airport District would accept comments on the goals for 45 days from the date of the notice. The notice was published in The Greenville News. 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 2015 to FY 2017.

The Airport District's overall goal submission to the FAA will include a summary of information and comments received during this public participation process and our responses. *(Note: No comments have been received as of this submittal. Should any comments be received, those comments and our responses to the comments will be submitted at the end of the review and comment period.)*

The Airport District will begin using the overall goal on October 1 of each year, unless the Airport District 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 District will meet the maximum feasible portion of its overall goal by using race-neutral means of facilitating DBE participation. The Airport District 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 District proposes a race-conscious goal of **10.2%** and a race-neutral goal of **0.0%**, for a total of **10.2%**. The reason for this breakout is that the projects from the previous years show that the median amount by which the past DBE goals were under-achieved is **6.7%** (see **Table 4**). Therefore, it is projected that the entire goal will be achieved using race-conscious means.

The Airport District 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 District will use contract goals to meet any portion of the overall goal that the Airport District 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 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 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).

We will express our 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. 2012 County Business Patterns, Census Bureau
3. Uniform Report of DBE Commitments/Awards and Payments