

Attachment 5

Section 26.45: Overall DBE Three-Year Goal Methodology

Name of Recipient: City of Hermiston, Oregon,
Owner of the Hermiston Municipal Airport (HRI)

Goal Period: FY 2021-2022-2023 – October 1, 2020 through September 30, 2023

DOT-assisted contract amounts:

FY-2021	\$ 1,522,504
FY-2022	\$ 148,500
FY-2023	\$ 0
<hr/>	
Total	\$ 1,671,004

Overall Three-Year Goal: Our three-year overall goal was determined using a weighted, average of the expected projects during the three-year goal period:

<u>Year</u>	<u>Goal</u>	<u>Overall Goal</u>
2021	2.6%	} 0.9% (see calculations on following pages)
2022	0.1%	
2023	0.0%	

Total dollar amount to be expended on DBE's: \$ 15,039

Description of contracts that the City anticipates awarding for airport projects:

Contracts Fiscal Year 2021:

1. Apron Rehabilitation - \$1,522,504

Contracts Fiscal Year 2022:

1. Environmental Assessment - \$148,500

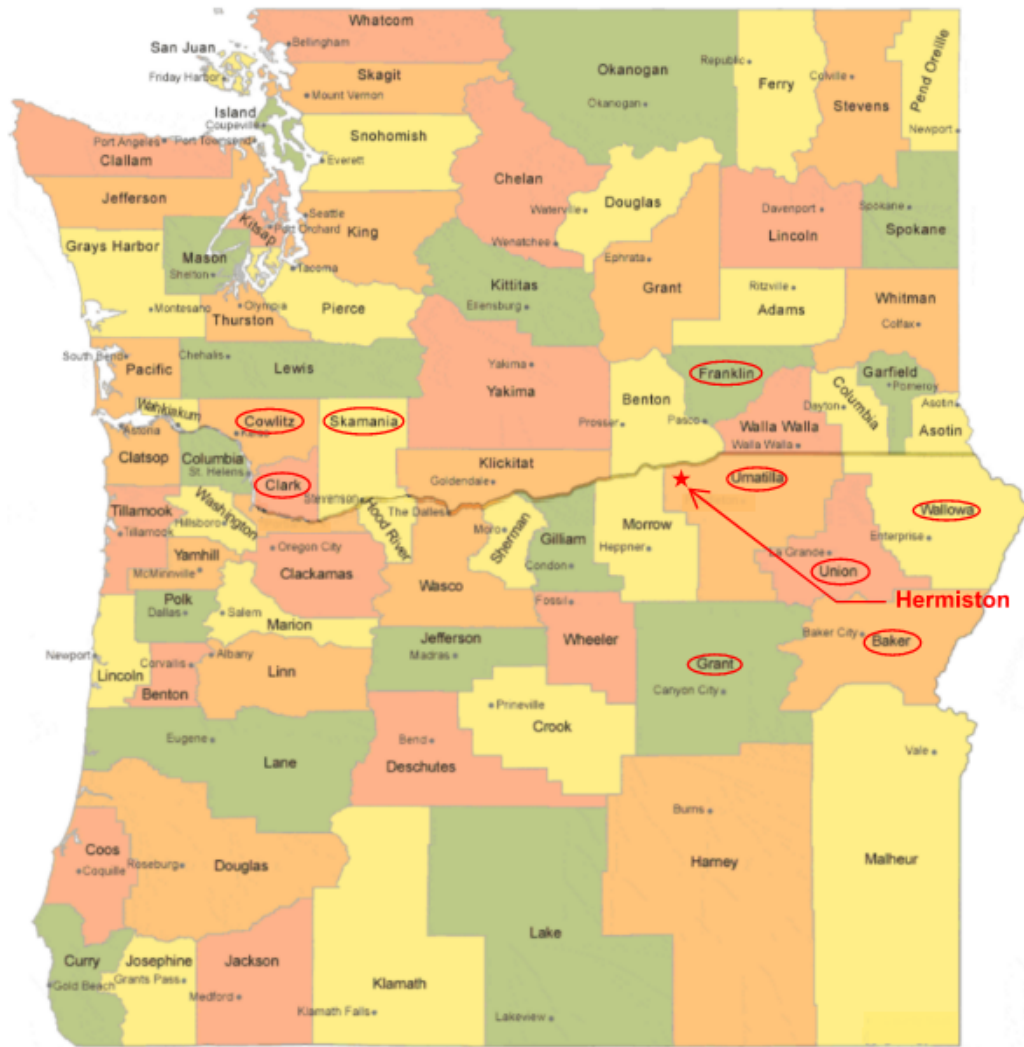
Contracts Fiscal Year 2023:

1. None

Market Area

The market area includes a portion of northeastern Oregon, and southern Washington. This was determined by proximity and past project participation.

- Baker County, OR
- Grant County, OR
- Umatilla County, OR
- Union County, OR
- Wallowa County, OR
- Clark County, WA
- Cowlitz County, WA
- Franklin County, WA
- Skamania County, WA



Step 1. 26.45(c) Actual relative availability of DBE's

Determine the base figure for the relative availability of DBEs

The base figure for the relative availability of DBEs was calculated as follows:

First, the project work was divided into categories based on the NAICS codes that corresponded with the kind of work expected within the project. The cost of each kind of work was then determined.

Table 1 below illustrates the breakdown of the work for each project.

Total availability of businesses for each kind of work within the projects (using the appropriate corresponding NAICS code) within the Market Area was determined by using the most recent data available from the US Census Bureau found here: <https://data.census.gov/cedsci>

Availability of DBEs within the Market Area was determined by using the Oregon DBE Directory found here: <https://oregon4biz.diversitysoftware.com/FrontEnd/SearchCertifiedDirectory.asp>

Each certified business was evaluated as to their specific business activities, eliminating any whose work did not meet the kind of work available within the project. It was assumed that the DBEs are ready, willing and able to provide the services for which they are certified as DBEs.

The number of DBEs was divided by the total of all firms to arrive at a base figure for each NAICS code of work. Weighting was then applied using the percentage of each kind of work expected within each project. The weighted percentages were totaled for each project to arrive at an overall weighted percentage for each year. **Table 2** below illustrates this process.

Table 1					
FY 2021					
Project Title / Description:		Apron Rehabilitation			
Work Description	NAICS Code	Total Cost	Cost (Federal only)	% of Project	
Subbase Course	212321	\$ 285,196.63	\$ 256,676.00	16.86%	
Crushed Aggregate Base	212321	\$ 230,462.03	\$ 207,415.00	13.62%	
Bituminous Asphalt	237310	\$ 527,016.40	\$ 474,314.00	31.15%	
Tack Coat	237310	\$ 2,765.30	\$ 2,488.00	0.16%	
Pavement Marking	237310	\$ 9,427.74	\$ 8,484.00	0.56%	
Misc. Drainage Improvements	237990	\$ 37,711.72	\$ 33,940.00	2.23%	
New Aircraft Tie-Down	238110	\$ 90,508.46	\$ 81,457.00	5.35%	
Misc. Electrical Improvements	238210	\$ 7,542.18	\$ 6,787.00	0.45%	
Asphalt Pavement Removal	238910	\$ 82,966.10	\$ 74,669.00	4.90%	
Unclassified Excavation	238910	\$ 138,277.18	\$ 124,449.00	8.17%	
Unsuitable Excavation	238910	\$ 25,926.90	\$ 23,334.00	1.53%	
Remove Aircraft Tie-Down	238910	\$ 36,203.31	\$ 32,582.00	2.14%	
Engineer Design	541330	\$ 193,349.89	\$ 174,014.00	11.43%	
Geotechnical Testing or Services	541380	\$ 24,328.69	\$ 21,895.00	1.44%	
Total:		\$ 1,691,682.52	\$ 1,522,504.00		
FY 2022					
Project Title / Description:		Environmental Assessment			
Work Description	NAICS Code	Total Cost	Cost (Federal only)	% of Project	
Environmental Assessment (EA)	541620	\$ 75,000.00	\$ 67,500.00	45.45%	
Tech Studies (wetland, air/noise/BA, Cultural)	541380	\$ 55,000.00	\$ 49,500.00	33.3%	
Engineering / Design	541330	\$ 35,000.00	\$ 31,500.00	21.2%	
Total:		\$ 165,000.00	\$ 148,500.00		
FY 2023					
Project Title / Description:		NO PROJECTS ARE PROJECTED FOR THIS FISCAL YEAR			
Work Description	NAICS Code	Total Cost	Cost (Federal only)	% of Project	
Total:		\$ -	\$ -		

Table 2
Percent DBE Calculation - Hermiston Airport - Hermiston, Oregon

Market Area includes the following Oregon counties: Baker, Grant, Morrow, Umatilla, Union and Wallowa. It also includes the following Washington counties: Clark, Cowlitz, Franklin, and Skamania

DBE Businesses in the survey area were calculated using data from the Oregon Certification Office for Business Inclusion and Diversity available at: <https://oregon4biz.diversitysoftware.com/FrontEnd/SearchCertifiedDirectory.asp> Data was obtained on 12/29/2020.

Total established firm data was taken from the U.S. Census Bureau website available at <https://data.census.gov/cedsci/>. Data from 2018 was used for the

FY 2021

NAICS Codes from 2018 Census	% of Total Project Work	Project Work Elements	Baker County		Grant County		Umatilla County		Union County		Wallowa County		WA Counties		Market Area Totals		Base Goal	Weighted Goal
			Total	DBE	Total	DBE	Total	DBE	Total	DBE	Total	DBE	Total	DBE	Total	DBE		
212321	30.5%	Construction Sand & Gravel	0	0	0	0	0	0	0	0	0	0	4	0	4	0	0.0%	0.0%
237310	31.9%	Asphalt paving & Marking	0	0	0	0	3	0	5	0	0	0	26	2	34	2	5.9%	1.9%
237990	2.2%	Misc. Drainage Improvements	0	0	0	0	0	0	0	0	0	0	12	2	12	2	0.0%	0.0%
238110	5.4%	New Aircraft Tie-Down	0	0	0	0	5	0	3	0	0	0	103	2	111	2	1.8%	0.1%
238210	0.4%	Misc. Electrical Improvements	9	0	3	0	13	0	11	0	4	0	172	0	212	0	0.0%	0.0%
238910	16.8%	Excavation	8	0	5	0	21	0	10	0	5	0	136	6	185	6	3.2%	0.5%
541330	11.4%	Engineer Design	0	0	0	0	0	0	6	0	0	0	138	1	144	1	0.7%	0.1%
541380	1.4%	Geotechnical Testing or Services	0	0	0	0	0	0	0	0	0	0	16	0	16	0	0.0%	0.0%
	100.0%		17	0	8	0	42	0	35	0	9	0	607	13	718	13	1.8%	2.6%

FY 2022

NAICS Codes from 2018 Census	% of Total Project Work	Project Work Elements	Baker County		Grant County		Umatilla County		Union County		Wallowa County		WA Counties		Market Area Totals		Base Goal	Weighted Goal
			Total	DBE	Total	DBE	Total	DBE	Total	DBE	Total	DBE	Total	DBE	Total	DBE		
541330	21.2%	Engineering / Design	0	0	0	0	0	0	6	0	0	0	138	1	144	1	0.7%	0.1%
541380	33.3%	Tech Studies (wetland, air/noise/BA, Cultural)	0	0	0	0	0	0	0	0	0	0	16	0	16	0	0.0%	0.0%
541620	45.5%	Environmental Assessment	3	0	0	0	0	0	0	0	0	0	15	0	18	0	0.0%	0.0%
	100.0%		3	0	0	0	0	0	6	0	0	0	169	1	178	1	0.6%	0.1%

FY 2023

NAICS Codes from 2018 Census	% of Total Project Work	Project Work Elements	Baker County		Grant County		Umatilla County		Union County		Wallowa County		WA Counties		Market Area Totals		Base Goal	Weighted Goal
			Total	DBE	Total	DBE	Total	DBE	Total	DBE	Total	DBE	Total	DBE	Total	DBE		
			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%
			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%
			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%

The annual weighted project goals were used to determine an average for the three-year reporting period. See **Table 3** below.

Table 3

<u>Basic Calculation</u>			<u>Weighted Calculation</u>		<u>Average Weighted Calculation</u>	
Total DBE's/All Firms			[%work(DBE/All Firms) + %work(DBE/All Firms)] X 100		(2.6%+0.1%+0.0%)/3 = 0.9%	
Fiscal Year	Overall DBEs Available		Fiscal Year	Annual Weighted Calc.		
2021	13 / 718	1.8%	2021	2.6%		
2022	1 / 178	0.6%	2022	0.1%		
2023	0 / 0	0.0%	2023	0.0%		
Total:	14 / 896	1.6%				

Step 1 resulted in the following three-year overall goal: 0.9%

Step 2. 26.45(d): Adjustments to Step 1 base figure.

After calculating a weighted base figure of the relative availability of DBEs, evidence was examined to determine what adjustment (if any) was needed to arrive at the overall goal.

- a. Past Participation – There have been no recent projects of similar character at the airport that had DBE participation. Based on past participation there is no data to support an adjustment to the weighted base figure.
- b. Disparity Study – In 2019 a disparity study was completed for Oregon state. The study included data for women-owned and minority-owned business. The study was not limited to DBEs, and therefore is limited in its use for the purpose of the Airport’s DBE goal. After review of the study, the Airport found recommendations of ways to increase participation for women- and minority-owned business, some of which the Airport will evaluate for incorporation into its efforts to meet its DBE goal. No data was found to support an adjustment of the DBE goal. The City will continue to evaluate the results of the disparity study for future goal adjustments, anticipating that more small businesses may choose to become registered DBEs in future years.
- c. Work Item Analysis – Several NAICS codes were overly broad, given the scope of the work anticipated. The DBEs in the market area were reviewed to determine their capability to perform the work items included in these projects. The quantity of “able” DBEs was adjusted accordingly and the cost estimates for this work were used to calculate a percentage of the total work and is reflected in the DBE goal set in Step 1.
- d. Other factors – The Airport has contacted multiple local business advocacy agencies and DBE-certified businesses within the market area with requests for input regarding their Disadvantaged Business Enterprise program and overall goal. A list of these agencies and companies can be requested by contacting the Airport DBE Liaison Officer. Due to limits in place from COVID 19, in-person meetings could not be held. Questionnaires were sent to these contacts by mail or email requesting data regarding barriers to participation by DBEs on federally funded projects at the Hermiston Municipal Airport. All comments received will be addressed and the goal adjusted if applicable. See “Consultation: Section 26.45 (g) (1)” below.

Also of note was the lack of DBEs in the counties closest in proximity to the Airport. These counties are very rural and the size of most airport projects does not attract companies from more urban, highly populated counties where more DBEs might be available. This situation makes DBE participation rare, which is apparent in the lack of DBEs participating in past projects at the Airport.

No evidence was found that would support any adjustment to the Step 1 goal, therefore the Hermiston Municipal Airport will adopt the goal established in Step 1: 0.9%

Breakout of Estimated “Race and Gender Neutral” (RN) and “Race and Gender Conscious” (RC) Participation. 26.51(b) (1-9)

The City will meet the maximum feasible portion of its overall goal by using RN means of facilitating DBE participation. Race neutral means include:

- Arranging solicitations, times for the presentation of bids, quantities, specifications, and delivery schedules in ways that facilitate DBE and other small businesses participation;
- Encouraging prime contractors to subcontract portions of work they might otherwise perform with their own forces;

- Ensuring the inclusion of DBEs and other small businesses on recipient mailing lists for bidders;
- Advising prime contractors of the State of Oregon online DBE directory and website;
- Providing assistance in overcoming limitations such as inability to obtain bonding or financing;

The City estimates that in meeting its annual goals, it will obtain 100% from RN participation.

The City of Hermiston has a limited history of DBE participation and no over-achievement of goals to reference and expects to obtain its DBE participation through the use of overall goals and communication of opportunities for DBEs. Consistent with key court rulings¹ and USDOT official guidance, we are applying the entire goal to race-neutral participation.

The City will track and report RN DBE participation. 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).

In establishing the overall goal, the City provided for consultation and publication. This included consultation with minority, women's and general contractor groups, community organizations, and other officials or organizations which could be expected to have information concerning the availability of disadvantaged and non-disadvantaged businesses, the effects of discrimination on opportunities for DBEs, and the City's efforts to establish a level playing field for the participation of DBEs.

The consultation included contact by mail, phone, and email with as many interested stakeholders as possible, focused on obtaining information relevant to the City's goal-setting process, and it occurred before we were required to submit our goal methodology to the operating administration for review pursuant to paragraph (f) of this section.

Notwithstanding paragraph (f)(4) of this section, we will not implement our proposed goal until we have complied with this requirement.

The City contacted the agencies and companies noted above within the market area with an invitation to participate in consultation through questionnaires provided by the City. Contact information was provided and telephone calls were encouraged in response to the outreach.

Topics and responses included, but were not limited to, the following items:

- Review of the Program document and its parts
- Review of the goals and the methodology used to determine them
- Past participation of Disadvantaged Business Enterprises
- Availability of DBE businesses for utilization in projects
- Solicitation of input from participants on ways to increase DBE participation and remove barriers to participation

¹ *Western States Paving Co. v. Washington State DOT*, 407 F.3d 983,997-98 (9th Cir. 2005), cert. denied, 546 U.S. 1170 (2006)

In the City's previous consultation meetings, there were no comments or responses that expressed concern regarding the goals being established. In this consultation the following subjects were addressed:

- A single central location for notices of all upcoming bid opportunities would be beneficial
- Consideration of other certifications would draw in more small businesses (i.e. ESB, WBE)
- Concern over participation being limited due to bonding requirements, slow contract payment terms, and high retainage of contract amounts
- Desire to be notified directly about bidding opportunities, rather than relying solely on their own searches for opportunities

Following the consultation, we published a notice on the official website of the City of Hermiston 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 City of Hermiston Office for 30 days following the date of the notice, and informing the public that the City and DOT will accept comments on the goals for 30 days from the date of the notice

No additional comments have been received. Any comments received after submittal of this document to the FAA will be forwarded to the FAA and kept as part of our DBE records.

Public Notice

Sample Public Notice Language:

The City hereby announces its fiscal years 2021 through 2023 goal of 0.9% for Disadvantaged Business Enterprise (DBE) airport construction contracts. The proposed goal and rationale is available for inspection between 8:00 a.m. and 5:00 p.m., Monday through Friday at City of Hermiston Office, 235 E Gladys Avenue, Hermiston, Oregon, for 30 days from the date of this publication.

Comments on the DBE goal will be accepted for 30 days from the date of this publication and can be sent to the following:

Mark Morgan
Assistant City Manager/DBELO
City of Hermiston
235 E Gladys Avenue
Hermiston, OR 97838
Phone: (541) 667-5003
E-mail: mmorgan@hermiston.or.us

Federal Aviation Administration
Office of Civil Rights
Attn: Sonia Cruz
PO Box 92007
Los Angeles, CA 90009

Contract Goals

The City will not use contract goals at this time to meet any portion of the overall goal that the recipient does not project being able to meet using RN means. Please refer to § 26.51 in this program document for additional information.