

METHODOLOGY for Establishing the FY 2017-2019 Overall Disadvantaged Business Enterprise (DBE) Goal for:

*St. Mary's County Regional Airport
Leonardtown, MD*

In fulfillment of the requirements of 49 CFR Part 26, St. Mary's County Regional Airport (hereafter 'the Airport') has developed a proposed Overall Goal for FY 2017-2019 FAA-AIP projects. 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 2017-2019 is 31.2% 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 2017-2019, which is approximately \$10,500,000, this means that the Airport has set a goal of expending approximately \$3,271,000 with DBEs during this period.

B. Determination of the Market Area of the study

The normal market area was based on discussions with the consulting engineer, 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: Counties in the St. Mary's Regional Airport Market Area

| | | |
|-------------------|----------------|----------------|
| St. Mary's County | Calvert County | Charles County |
|-------------------|----------------|----------------|

C. Determination of relevant NAICS codes

Based on information provided by the consulting engineer 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: St. Mary's County Regional Airport
FY 2017-FY 2019 Projects & Activities**

| <i>FY 2017 Projects</i> | | |
|-------------------------------|--------------------|-------------------|
| <i>PROJECT</i> | <i>ACTIVITY</i> | <i>NAISC CODE</i> |
| Relocate Lawrence Hayden Road | Paving (HW&Street) | 237310 |
| Construction | Drainage | 237990 |
| | Site Preparation | 238910 |
| | Landscaping | 561730 |

| FY 2018 Projects | | |
|--|--------------------|-------------------|
| PROJECT | ACTIVITY | NAISC CODE |
| Relocate Taxiway A Construction | Paving (HW&Street) | 237310 |
| | Drainage | 237990 |
| | Site Preparation | 238910 |
| | Landscaping | 561730 |
| | Concrete | 238110 |
| | Electrical | 238210 |
| Obstruction Removal (Clearing trees from approach surfaces) | Surveying | 541370 |
| | Landscaping | 561730 |

| FY 2019 Projects | | |
|--|--------------------|-------------------|
| PROJECT | ACTIVITY | NAISC CODE |
| Extend Runway and Taxiway A Construction | Paving (HW&Street) | 237310 |
| | Drainage | 237990 |
| | Site Preparation | 238910 |
| | Landscaping | 561730 |
| | Concrete | 238110 |
| | Electrical | 238210 |

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

The U.S. Census Bureau’s County Business Patterns database was used as the source to determine the number of all firms in the market area. The Maryland Department of Transportation’s directory of Certified DBE firms has been used as a baseline for the availability of certified DBE firms.

**Table 3a: DBEs—St. Mary’s County Regional Airport
by Relevant NAICS Codes—FY 2017**

| NAICS Codes | Description | DBE Firms | All Firms | % of DBE Firms Available | Ratio of estimated total expended | Weighted Total Availability |
|--|--------------------|------------------|------------------|---------------------------------|--|------------------------------------|
| Relocate Lawrence Hayden Road Construction: | | | | | | |
| 237310 | Paving | 4 | 10 | 40.0% | 48.2% | 19.3% |
| 237990 | Drainage | 4 | 6 | 66.7% | 2.2% | 1.5% |
| 238910 | Site Prep | 13 | 48 | 22.9% | 23.9% | 5.5% |
| 561730 | Landscaping | 9 | 79 | 11.4% | 25.7% | 2.9% |

WEIGHTED STEP 1 DBE BASE FIGURE = 29.2%

**Table 3b: DBEs—St. Mary’s County Regional Airport
by Relevant NAICS Codes—FY 2018**

| NAICS Codes | Description | DBE Firms | All Firms | % of DBE Firms Available | Ratio of estimated total expended | Weighted Total Availability |
|---|-------------|-----------|-----------|--------------------------|-----------------------------------|-----------------------------|
| Relocate Taxiway ‘A’ Construction: | | | | | | |
| 237310 | Paving | 4 | 10 | 40.0% | 45.8% | 18.3% |
| 237990 | Drainage | 4 | 6 | 66.7% | 2.6% | 1.7% |
| 238910 | Site Prep | 13 | 48 | 22.9% | 12.9% | 3.0% |
| 561730 | Landscaping | 9 | 79 | 11.4% | 1.0% | 0.1% |
| 238110 | Concrete | 4 | 15 | 26.7% | 2.6% | 0.7% |
| 238210 | Electrical | 16 | 119 | 13.4% | 10.5% | 1.4% |
| Obstruction Removal: | | | | | | |
| 561730 | Landscaping | 9 | 79 | 11.4% | 22.0% | 2.5% |
| 541370 | Surveying | 0 | 12 | 0.0% | 2.5% | 0.0% |

WEIGHTED STEP 1 DBE BASE FIGURE = 27.7%

Note: FY2018 includes both the Taxiway Relocation and Obstruction Removal projects. The Obstruction Removal project has a significant tree removal element, therefore, landscaping (tree removal) NAICS 561730 has been increased. The surveying element NAICS 541370 pertains to the Obstruction Removal.

**Table 3c: DBEs—St. Mary’s County Regional Airport
by Relevant NAICS Codes—FY 2019**

| NAICS Codes | Description | DBE Firms | All Firms | % of DBE Firms Available | Ratio of estimated total expended | Weighted Total Availability |
|--|-------------|-----------|-----------|--------------------------|-----------------------------------|-----------------------------|
| Extend Runway & Taxiway ‘A’ Construction: | | | | | | |
| 237310 | Paving | 4 | 10 | 40.0% | 49.2% | 19.7% |
| 237990 | Drainage | 4 | 6 | 66.7% | 8.7% | 5.8% |
| 238910 | Site Prep | 13 | 48 | 22.9% | 36.1% | 8.3% |
| 561730 | Landscaping | 9 | 79 | 11.4% | 1.2% | 0.1% |
| 238110 | Concrete | 4 | 15 | 26.7% | 0% | 0.0% |
| 238210 | Electrical | 16 | 119 | 13.4% | 4.8% | 0.6% |

WEIGHTED STEP 1 DBE BASE FIGURE = 34.5%

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 2017 is **29.2%**.

The Step 1 DBE Base Figure for the Airport for FY 2018 is **27.7%**.

The Step 1 DBE Base Figure for the Airport for FY 2019 is **34.5%**.

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 Airport has little recent similar history available for federally-funded projects with which to adjust the DBE base figure. For instance, the FY14 data included a construction prime contract that was performed solely by the Prime Contractor; wetlands construction, which is a fairly specialized trade. FY15 data was for the sub-consultant that prepared the current DBE plan. For FY16, the Airport was able to achieve 16.5% on the Utility Relocation and Airport Road Relocation and Taxiway A Extension bids. This work is similar to the FY17 project to relocate Lawrence Hayden Road and can be used as an informal comparison. There will be no adjustment to the goal using previous history.

B. Consultations

In accordance with 49 CFR Part 26.45, consultations were held with various agencies to gather

“(ii) Evidence from disparity studies conducted anywhere within your jurisdiction, to the extent it is not already accounted for in your base figure...”

“(iii) Data on employment, self-employment, education, training and union apprenticeship programs to the extent you can relate it to the opportunities for DBEs to perform in your program” (26:45, d.)

The Maryland Department of Transportation conducted a disparity study for its Minority and Women Owned Business Enterprise (MWBE) program in 2013 and 2016. The studies determined that there is evidence of significant disparities between minority and female participation in business enterprise activity in the State of Maryland’s relevant market area and the actual current availability of those businesses. The study, however, provided no quantifiable data specific to the Airport to use to adjust the DBE base figure and therefore, is not listed in the analysis.

The Maryland Small Business Development Financing Authority (MSBDFA) exists to assist socially and/or economically disadvantaged businesses in Maryland with their growth and development. The MSBDFA has several programs available for DBEs, including a Contract Financing Program that assists businesses with direct loans or as a guarantor for loans from financial institutions. The MSBDFA also offers a Surety Bond Program for DBEs who need bonding assistance.

The Maryland Small Business Development Center – Southern Region in LaPlata offers one-on-one business consulting, assistance in 8(a) certification and MBE certification in Maryland, as well as low or no-cost classes and workshops on a number of business relevant topics.

The Southern Maryland Minority Chamber of Commerce is a proponent for business growth, economic development, and empowerment to promote civic, commercial and industrial progress within the community. The SMMCC has contacts and resources within the local community to ensure that business opportunities are communicated to all.

C. Adjustment to Step 1 DBE Base Figures: St. Mary's Regional Airport, FY 2017- FY 2019

With the adjustment factors considered to this point, the Airport will not adjust the Step 1 base figures.

**Table 4: St. Mary's County Regional Airport
FY 2017– FY 2019 Overall Goal**

| Fiscal Year | Step 1 | Step 2 Adj. | Overall Goal | Total Project Costs | DBE Goal (dollars) |
|--------------------------|--------|-------------|--------------|---------------------|--------------------|
| FY2017 | 29.2% | NA | 29.2% | \$1,500,000 | \$438,000 |
| FY2018 | 27.7% | NA | 27.7% | \$4,000,000 | \$1,108,000 |
| FY2019 | 34.5% | NA | 34.5% | \$5,000,000 | \$1,725,000 |
| Total 3-year goal | | | 31.2% | \$10,500,000 | \$3,271,000 |

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. These organization's included the Chamber of Commerce in all three counties (St.Mary's, Charles, Calvert) as well as the College of Southern Maryland. The Airport also consulted with the Charles County Department of Economic Development.

The Airport attended the "*Breaking the Transportation Construction Bid Barriers*" conference on 12-9-2016, hosted by the College of Southern Maryland, the Small Business Development Center, and the Maryland Department of Transportation's State Highway Administration. Both DBE firms and local resource agencies were on hand to receive information about the Airport and its efforts to update its program goals.

The Airport hosted a teleconference at 10:00AM on 12-13-2016 for those interested in providing input and establishing contact with the Airport concerning business opportunities (per attached News Release). HTii, an employee-owned small business providing data services to the Navy, and Compliance Corporation, a general contractor, both from Lexington Park, participated in the conference call in addition to County staff. They suggested that the Airport work through the Patuxent Partnership to identify local companies and that the GSA be considered as an additional venue to announce federal business opportunities. The Patuxent Partnership is a local trade organization that works with the County, the naval aviation industry and academia to promote science and technology while supporting workforce development. The County already has an established relationship with the Patuxent Partnership and will work to engage them on business development for the Airport construction program. Also, Compliance Corporation asked for and subsequently received information about current activities based at the airport. The Airport will work to make this information available to all of the public through the County website.

Following this consultation, the Airport publishes 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 Airport's administrative office for 30 days following the date of the notice, and informing the public that the Airport will accept comments on the goals for 45 days from the date of the notice. The notice will be published on the County Airport website and provided to the various consultation agencies and advocates in the Southern Maryland region. The notice will include addresses (including offices) to which comments can be sent and addresses where the proposal can be reviewed.

The Airport's overall goal submission to the FAA will include a summary of information and comments received during this public participation process and 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 **31.2%** and a race-neutral goal of **0.0%**, for a total of **31.2%**. The reason for this projected split is that the Airport has little recent history of past DBE participation upon which to base a race-conscious/race-neutral breakout at this time. In FY15 and FY16, the Airport had total prime contract awards of \$321,747 (8%) and \$3,516,545 (92%) respectively. With these awards, the Airport achieved a race-conscious participation rate of 12.6% (\$482,552) and a race-neutral rate of 2.7% (\$103,968). As 92% of the prime contract awards are represented by one project, Airport Road Relocation, the Airport has decided that the goal should be met via race-conscious measures at this time.

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.

V. 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 our 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 sub-contracting 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.

SUBPART B - ADMINISTRATIVE REQUIREMENTS

Section 26.25 DBE Liaison Officer (DBELO)

The County has designated the following individual as its DBE Liaison Officer:

Gary B. Whipple, P.E. Interim Airport Manager
44825 St. Andrews Church Road, California, Maryland 20619
(301) 863-8400
Email: gary.whipple@stmarysmd.com

In this capacity, the DBELO is responsible for implementing all aspects of the DBE program and ensuring that the County complies with all provision of 49 CFR Part 26. The DBELO has direct, independent access to the Commissioners of St. Mary's County concerning DBE program matters. An organization chart displaying the DBELO's position in the organization is found in Attachment 1 to this program.

The DBELO is responsible for developing, implementing and monitoring the DBE program, in coordination with other appropriate officials. The DBELO will administer the program with assistance from other County staff from the Finance Department and Procurement Office. The duties and responsibilities include the following:

1. *Gathers and reports statistical data and other information as required by USDOT.*
2. *Reviews third party contracts and purchase requisitions for compliance with this program.*
3. *Works with all departments to set overall triennial goals.*
4. *Ensures that bid notices and requests for proposals are available to DBEs in a timely manner.*
5. *Identifies contracts and procurements so that DBE goals are included in solicitations (both race-neutral methods and contract specific goals attainment) and identifies ways to improve progress.*
6. *Analyzes the County's progress toward attainment and identifies ways to improve progress.*
7. *Participates in pre-bid meetings.*
8. *Advises the Commissioners on DBE matters and achievement.*
9. *Chairs the DBE Advisory Committee (when formed).*
10. *Provides DBEs with information and assistance in preparing bids, obtaining bonding and insurance.*
11. *Plans and participates in DBE training seminars.*
12. *Provides outreach to DBEs and community organizations to advise them of opportunities*

**UNITED STATES DEPARTMENT OF TRANSPORTATION
DBE PROGRAM – 49 CFR PART 26**

St. Mary's County for the St. Mary's County Regional Airport, Leonardtown, Maryland

POLICY STATEMENT

Section 26.1, 26.23 Objectives/Policy Statement

The Commissioners of St. Mary's County (hereafter 'the County') has established a Disadvantaged Business Enterprise (DBE) Program in accordance with regulations of the United States Department of Transportation (USDOT), 49 CFR Part 26. The County has received Federal financial assistance from the USDOT, and as a condition of receiving this assistance, the County has signed an assurance that it will comply with 49 CFR Part 26.

It is the policy of the County to ensure that DBEs as defined in Part 26, have an equal opportunity to receive and participate in DOT-assisted contracts. It is also the policy:

1. To ensure nondiscrimination in the award and administration of USDOT – assisted contracts;
2. To create a level playing field on which DBEs can compete fairly for USDOT-assisted contracts;
3. To ensure that the DBE Program is narrowly tailored in accordance with applicable law;
4. To ensure that only firms that fully meet 49 CFR Part 26 eligibility standards are permitted to participate as DBEs;
5. To help remove barriers to the participation of DBEs in USDOT assisted contracts;
6. To promote the use of DBE's in all types of federally-assisted contracts and procurement activities conducted by recipients;
7. To assist the development of firms that can compete successfully in the market place outside the DBE Program.
8. To provide appropriate flexibility to recipients of federal financial assistance in establishing and providing opportunities for DBE's.

Gary B. Whipple, P.E. Interim Airport Manager, 44825 St. Andrews Church Road, California, Maryland, 20619, (301) 863-8400, e-mail: gary.whipple@stmarysmd.com has been delegated as the DBE Liaison Officer. In that capacity, the Airport Manager is responsible for implementing all aspects of the DBE program. Implementation of the DBE program is accorded the same priority as compliance with all other legal obligations incurred by the County in its financial assistance agreements with the United States Department of Transportation.

The County has disseminated this policy statement to its board members and all of the components of our organization. The County will distribute this statement to DBE and non-DBE business communities that perform work for the Airport on USDOT-assisted contracts in the following manner:

1. This policy statement will be prepared as a handout and made available at pre-bid conferences and/or outreach meetings conducted by the County.
2. Copies of the policy statement will be mailed to all of the agencies/organizations consulted during the development of the DBE goal methodology. This will make the County's policy for the St. Mary's County Regional Airport available to additional small, minority, and women-owned business development agencies.



Interim Airport Manager

22 FEB 2017
Date