

**PALM SPRINGS INTERNATIONAL AIRPORT  
PROPOSED DBE OVERALL GOALS  
FY 2018 – FY 2020**

**Airport Sponsor:** Palm Springs International Airport

**Goal Period:**                   **From:**       October 1, 2017  
   **Thru:**       September 30, 2020

**Overall DBE Goal for FAA-Assisted Projects:** 6.6%

**Race-Neutral Goal:**                   6.6%

**Race-Conscious Goal:**               0.0%

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## **DBE GOAL METHODOLOGY**

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The Overall Goal for the Palm Springs International Airport's Disadvantaged Business Enterprise Program for federally assisted projects is established at three-year intervals. The goal period for the three-year interval covered in this report will begin on October 1, 2017 and end on September 30, 2020. The overall DBE goal for the three-year period has been set at 6.6% of the Federal financial assistance to be expended in DOT-assisted contracts during the time period covered. Federal funding for projects is anticipated to be approximately \$17.9 million during the period.

The relevant geographic market for contractors for Palm Springs International Airport projects has been defined as Los Angeles, Orange, Riverside, San Bernardino and San Diego counties because more than 80% of the firms performing projects at the Airport over the last five years are based in one of these areas.

49 CFR Part 26, Section 26.45(b) states as follows:

*Your overall goal must be based on demonstrable evidence of the availability of ready, willing and able DBEs relative to all businesses ready, willing and able to participate on your DOT-assisted contracts (hereafter, the "relative availability of DBEs"). The goal must reflect your determination of the level of DBE participation you would expect absent the effects of discrimination. You cannot simply rely on either the 10 percent national goal, your previous overall goal or past DBE participation rates in your program without reference to the relative availability of DBEs in your market.*

49 CFR Part 26, Section 26.45 further provides for a two-step process, consisting of:

**Step 1 - Determine a Base Figure representing the Relative Availability of DBEs**

**and**

**Step 2 - Examine data to determine what adjustment, if any, is needed to the Base Figure**

The regulation provides the following examples of potential approaches for accomplishing Step 1, determining the base figure, as follows:

- 1) Use DBE Directories and Census Bureau Data. Determine the number of ready, willing and able DBEs in your market from your DBE directory. Using the Census Bureau's County Business Pattern (CBP) database, determine the number of all ready, willing and able businesses available in your market that perform work in the same NAICS codes.
- 2) Use a bidders list. Determine the number of DBEs that have bid or quoted on your DOT-assisted prime contracts or subcontracts in the previous year. Determine the number of all businesses that have bid or quoted on prime or subcontracts in the same time period. Divide the number of DBE bidders and quoters by the number for all businesses to derive a base figure for the relative availability of DBEs in your market.
- 3) Use data from a disparity study. Use a percentage figure derived from data in a valid, applicable disparity study.
- 4) Use the goal of another DOT recipient. If another DOT recipient in the same, or substantially similar, market has set an overall goal in compliance with this rule, you may use that goal as a base figure for your goal.
- 5) Alternative methods. Subject to the approval of the DOT operating administration, you may use other methods to determine a base figure for your overall goal. Any methodology you choose must be based on demonstrable evidence of local market conditions and be designed to ultimately attain a goal that is rationally related to the relative availability of DBEs in your market.

We have examined each of the alternatives. We have elected to use the combined approach of DBE Directories/Census Bureau data and data from a disparity study. The methodology for establishing the FY 2018 – FY 2020 DBE Goal is described on the following pages.

**Step 1 - Determine a Base Figure representing the Relative Availability of DBEs**

Projects planned for award during FY 2018 - 2020 are as follows:

FY 2018

- No projects planned

FY 2019

- Terminal Ticket Wing Capacity Improvement – Construction
- Airfield Equipment – Runway Sweeper
- ARFF Truck Replacement (2 trucks)
- Airfield – Wildlife Hazard Management Assessment
- Passenger Boarding Bridges – Replace 8 Bridges
- Airfield Equipment – Runway Friction Testing Device
- Pavement Condition Index – Pavement Needs Study
- Airfield Taxiway Rehabilitation - Design

FY 2020

- Airfield Taxiway Rehabilitation – Construction
- Airfield Taxiway Rehabilitation – Construction Management
- Terminal Capacity Baggage System - Design

The trade classifications expected to be utilized for these projects are as follows:

| <b>Table 1: Trade Breakdown for 2018 - 2020 AIP Projects</b> |                          |        |             |
|--|--------------------------|--------|-------------|
| Project  | Trade                    | NAICS  | Trade \$    |
| Terminal Ticket Wing Capacity Improvement – Construction     | Finish Carpentry         | 238350 | \$815,940   |
|  | Framing                  | 238130 | \$181,320   |
|  | Drywall                  | 238310 | \$181,320   |
|  | Electrical               | 238210 | \$1,227,174 |
| Total Project  |                          |        | \$2,405,754 |
| Airfield Equipment – Runway Sweeper                          | Equipment                | N/A    | \$358,107   |
| Total Project  |                          |        | \$358,107   |
| ARFF Truck Replacement (2 trucks)                            | Vehicles                 | N/A    | \$1,495,890 |
| Total Project  |                          |        | \$1,495,890 |
| Airfield – Wildlife Hazard Management Assessment             | Environmental Consulting | 541620 | \$181,320   |
| Total Project  |                          |        | \$181,320   |
| Passenger Boarding Bridges – Replace 8 Bridges               | Equipment                | N/A    | \$4,079,700 |
| Total Project  |                          |        | \$4,079,700 |

| <b>Table 1: Trade Breakdown for 2018 - 2020 AIP Projects</b> |                                 |        |              |
|--|---------------------------------|--------|--------------|
| Project  | Trade                           | NAICS  | Trade \$     |
| Airfield Equipment – Runway Friction Testing Device          | Equipment                       | N/A    | \$45,330     |
| Total Project  |                                 |        | \$45,330     |
| Pavement Condition Index – Pavement Needs Study              | Consulting                      | N/A    | \$63,462     |
| Total Project  |                                 |        | \$63,462     |
| Airfield Taxiway Rehabilitation - Design                     | Engineering                     | 541330 | \$770,610    |
| Total Project  |                                 |        | \$770,610    |
| Total Projects- 2019   |                                 |        | \$9,400,173  |
| Airfield Taxiway Rehabilitation – Construction               | Concrete                        | 237310 | \$226,650    |
|  | Paving                          | 237310 | \$7,207,470  |
|  | Special Testing                 | 238910 | \$271,980    |
| Total Project  |                                 |        | \$7,706,100  |
| Airfield Taxiway Rehabilitation – Construction Management    | Design, Construction Management | 237310 | \$385,305    |
| Total Project  |                                 |        | \$385,305    |
| Terminal Capacity Baggage System - Design                    | A/E                             | 541330 | \$362,640    |
| Total Project  |                                 |        | \$362,640    |
| Total Projects- 2020   |                                 |        | \$8,454,045  |
| Total Projects 2018-2020                                     |                                 |        | \$17,854,218 |

In August 2012, the California Department of Transportation (Caltrans) Availability and Disparity Study was published (note: an updated Disparity Study is currently in review but has not yet been released). The study developed a base goal of 12.5% for Caltrans projects. The study considers only trades typically utilized in Caltrans projects. Caltrans projects were broken down between construction and engineering. Construction projects account for 97% of the projects undertaken by Caltrans. Trades included in the construction category are: highway and street construction, electrical work, asphalt and concrete supply, rebar and reinforcing steel, fencing, guardrails and signs, land site prep, landscape services, wrecking and demolition, painting and striping, water, sewer and utility lines, excavation and drilling, trucking, flagging services, heavy construction equipment rental, construction sand and gravel, other construction and other construction supplies.

Given the above, we believe that the Airfield Taxiway Rehabilitation Construction Project is comparable to Caltrans projects. Therefore, we have utilized the Caltrans base goal of 12.5% for the Runway Rehabilitation Project and the Directory/Census methodology for the remaining projects.

DBE availability for trades used in the projects to be undertaken during the three-year goal period, excluding the Airfield Taxiway Rehabilitation Project, have been determined by utilizing the California Unified Certification Program DBE Directory and Census Bureau Data. Census and Directory information was extracted for the relevant trades listed above. The geographic areas represented include Los Angeles, Orange, Riverside, San Bernardino and San Diego counties. In addition, DBE availability from the Caltrans Disparity Study has been included for those trades that are included in the study. The availability calculations are as follows:

| <b>Table 2: DBE Availability Percentages</b> |   |        |        |               |       |
|--|---|--------|--------|---------------|-------|
| TRADE  | NAICS Description                       | NAICS  | Census | Director<br>y | DBE % |
| Paving                                       | Highway, Street and Bridge Construction | 237310 | 324    | 143           | 44.1% |
| Framing                                      | Framing Contractors                     | 238130 | 371    | 6             | 1.6%  |
| Electrical                                   | Electrical Contractors                  | 238210 | 4249   | 105           | 2.5%  |
| Drywall                                      | Drywall and Insulation Contractors      | 238310 | 976    | 23            | 2.4%  |
| Carpenter                                    | Carpenters (except framing)             | 238350 | 1088   | 23            | 2.1%  |
| Site Preparation                             | Site Preparation Contractors            | 238910 | 1054   | 84            | 8.0%  |
| Design                                       | Engineering Contractors                 | 541330 | 4287   | 238           | 5.6%  |
| Wildlife Study                               | Environmental Consulting                | 541620 | 639    | 190           | 29.7% |

\* The % was obtained by dividing the DBE directory # of firms by the census # of firms.

The availability calculations from the above chart have been weighted by the anticipated expenditures for each trade classification for all projects excluding the Runway Rehabilitation Project. For the Runway Rehabilitation Project, the Caltrans base goal has been used.

| Table3: Weighted DBE Availability                        |                          |        |             |       |           |
|--|--------------------------|--------|-------------|-------|-----------|
| Project  | Trade                    | NAICS  | Trade \$    | DBE % | DBE \$    |
| Terminal Ticket Wing Capacity Improvement – Construction | Finish Carpentry         | 238350 | \$815,940   | 2.1%  | \$17,135  |
|  | Framing                  | 238130 | \$181,320   | 1.6%  | \$2,901   |
|  | Drywall                  | 238310 | \$181,320   | 2.4%  | \$4,352   |
|  | Electrical               | 238210 | \$1,227,174 | 2.4%  | \$29,452  |
| Total Project  |                          |        | \$2,405,754 | 2.2%  | \$53,840  |
| Airfield Equipment – Runway Sweeper                      | Equipment                | N/A    | \$358,107   | 0.0%  | \$0       |
| Total Project  |                          |        | \$358,107   | 0.0%  | \$0       |
| ARFF Truck Replacement (2 trucks)                        | Vehicles                 | N/A    | \$1,495,890 | 0.0%  | \$0       |
| Total Project  |                          |        | \$1,495,890 | 0.0%  | \$0       |
| Airfield – Wildlife Hazard Management Assessment         | Environmental Consulting | 541620 | \$181,320   | 29.7% | \$53,852  |
| Total Project  |                          |        | \$181,320   | 29.7% | \$53,852  |
| Passenger Boarding Bridges – Replace 8 Bridges           | Equipment                | N/A    | \$4,079,700 | 0.0%  | \$0       |
| Total Project  |                          |        | \$4,079,700 | 0.0%  | \$0       |
| Airfield Equipment – Runway Friction Testing Device      | Equipment                | N/A    | \$45,330    | 0.0%  | \$0       |
| Total Project  |                          |        | \$45,330    | 0.0%  | \$0       |
| Pavement Condition Index – Pavement Needs Study          | Consulting               | N/A    | \$63,462    | 0.0%  | \$0       |
| Total Project  |                          |        | \$63,462    | 0.0%  | \$0       |
| Airfield Taxiway Rehabilitation - Design                 | Engineering              | 541330 | \$770,610   | 5.6%  | \$43,154  |
| Total Project  |                          |        | \$770,610   | 5.6%  | \$43,154  |
| Total Projects- 2019                                     |                          |        | \$9,400,173 | 1.6%  | \$150,846 |
| Airfield Taxiway Rehabilitation – Construction           | Concrete                 | 237310 | \$226,650   | 12.5% | \$28,331  |
|  | Paving                   | 237310 | \$7,207,470 | 12.5% | \$900,934 |
|  | Special Testing          | 238910 | \$271,980   | 12.5% | \$33,998  |
| Total Project  |                          |        | \$7,706,100 | 12.5% | \$963,263 |

| Table3: Weighted DBE Availability                         |                                 |        |              |       |             |
|---|---------------------------------|--------|--------------|-------|-------------|
| Project   | Trade                           | NAICS  | Trade \$     | DBE % | DBE \$      |
| Airfield Taxiway Rehabilitation – Construction Management | Design, Construction Management | 237310 | \$385,305    | 12.5% | \$48,163    |
| Total Project   |                                 |        | \$385,305    | 12.5% | \$48,163    |
| Terminal Capacity Baggage System - Design                 | A/E                             | 541330 | \$362,640    | 5.6%  | \$20,308    |
| Total Project   |                                 |        | \$362,640    | 5.6%  | \$20,308    |
| Total Projects- 2020                                      |                                 |        | \$8,454,045  | 12.2% | \$1,031,733 |
| Total Projects 2018-2020                                  |                                 |        | \$17,854,218 | 6.6%  | \$1,182,579 |

\* Based on Caltrans Base goal

**Note:** The dollars to be spent for each trade (Table 1) have been multiplied by the DBE calculated Caltrans availability if available, the Directory/Census availability if Caltrans is not available (Table 2). The total is the dollar amount of DBE participation expected to be awarded to DBE firms given the availability of DBE firms and dollar amount to be expended on each trade.

**The result of the above calculations yields a base goal of 6.6%.**

**Step 2 - Examine data to determine what adjustment, if any, is needed to the Base Figure.**

Section 26.45(d) provides many examples of the types of data to examine in order to adjust the base figure. The Caltrans Availability and Disparity Study determined that there are various reasons for both upward and downward adjustments that tend to cancel each other out. Therefore, we have elected not to make a Step 2 Adjustment based on the Caltrans Study.

In addition to considering the information provided in the Caltrans Study, we have examined past history of DBE participation at Palm Springs International Airport. Because DBE goals have been race neutral for the past 5 years, DBE goals have not been met, except for FFY 2015. We do not believe that this is indicative of availability, therefore we have elected not to adjust the goal for past history.

**Given the above, we propose a DBE goal of 6.6% for the three-year period beginning October 1, 2017 and ending September 30, 2020.**



## **Race-Neutral Vs Race-Conscious Goal**

In light of the Ninth Circuit Court of Appeals decision regarding *Western States Paving v. Washington State Department of Transportation* and the fact that the Caltrans Availability and Disparity Study does not include specific contracting practices for Palm Springs International Airport, the DBE goal for Palm Springs International Airport will be set as race neutral. We do not have sufficient evidence of discrimination or its effects to support a race-conscious goal at this time. It should be noted that the City has developed a Small Business Enterprise program that provides a means to set goals for small business utilization in federally-funded projects. The program has been implemented and has met with some success. We plan to use the Small Business Enterprise Program more aggressively during this goal period.

The following methods will be employed to implement race-neutral goals:

- 1) Provide information on the Palm Springs International Airport organization, functions and its full range of contractual needs.
- 2) Offer instructions and clarification on bid specifications, procurement policy, procedures, and general bidding requirements.
- 3) Maintain a file of successful bid documents from past procurement and permit potential participants to review and evaluate such documents.
- 4) Conduct debriefing sessions on each awarded contract to explain why certain bids were unsuccessful.
- 5) Routinely issue projected procurement information.
- 6) Provide instructions and clarification on job performance requirements.
- 7) Provide information and assistance on certification procedures, sub-contracting practices, bonding requirements.
- 8) Provide assistance in obtaining bonding and financing and provide technical assistance.
- 9) Arrange solicitations, time for presentation of bids, quantities, specifications and delivery schedules to facilitate the participation of DBE's.
- 10) Implement small business goals where practicable.

The recruiting area for the projects will consist of San Bernardino, San Diego, Riverside, Orange, and Los Angeles counties.

**Public Participation, meeting scheduled for January 23, 2018 at 10:00a.m., in the Airport Conference room, 2<sup>nd</sup> floor in the main terminal.**

Notices will be sent to the following organizations:

- Association of General Contractors – Los Angeles District
- Black Chamber of Commerce of Orange County
- Coachella Valley Mexican American Chamber of Commerce
- National Association of Minority Contractors – So. Cal Chapter
- National Association of Women Contractors – Orange Co. Chapter
- Palm Springs Chamber of Commerce