

**DBE GOAL METHODOLOGY
49 CFR PART 26
GOLDEN TRIANGLE REGIONAL AIRPORT
FISCAL YEAR 2015**

A. UPDATE OF GOALS - To make the program as useful as possible to the public, The Golden Triangle Regional Airport Authority will update the "amount," "method," and "breakout" portions of this section of the program annually, or as required. The following sections will be submitted to the FAA every year, or as required, for approval: Amount of Overall goal section, Method used for establishing overall goals, Process, the Race-Neutral/Race Conscious Breakout, and Contract Goals. The material on overall goals in the DBE program will be a shorter summary of the material submitted annually, or as required in the overall goal submission.

B. AMOUNT OF GOAL -The Golden Triangle Regional Airport Authority overall goal for 2015 is 9.74% of the Federal financial assistance we will expend in FAA-assisted contracts. The Airport will receive FAA AIP grants in the amount of approximately \$636,679.00 in FY 2015. We expect to let FAA sponsored projects during this FY in the amount of \$636,679.00; which means that our DBE goal is set at \$62,012.00. This overall goal is intended for information of public users of the program, and does not imply that the FAA, as such, has approved the goal.

C. METHOD STEP 1: In the development of the DBE goal for the Golden Triangle Regional Airport, the first step is to establish the availability of ready, willing and able DBE businesses that were capable of participating in the type of contracts that were programmed during FY 2015. The project that is anticipated involves Apron Rehabilitation along with the professional effort associated with such a project. The monetary size of the project is estimated at \$636,679.00. An analysis of the project indicates that funds will be expended in the following areas.

| GOLDEN TRIANGLE REGIONAL AIRPORT PROJECT ANALYSIS FY 2015 | | | |
|--|--------|---------------------|----------------|
| TASK | NAICS | AMOUNT | PERCENTAGE |
| General Contractors | 236220 | \$24,130 | 3.79% |
| Street/Highway | 237310 | \$449,125 | 70.54% |
| Painting | 238320 | \$27,500 | 4.32% |
| Site Prep | 238910 | \$7,500 | 1.18% |
| Trucking | 484110 | \$37,000 | 5.81% |
| Engineering | 541330 | \$72,924 | 11.45% |
| Testing | 541380 | \$18,500 | 2.91% |
| TOTAL | | \$636,679.00 | 100.00% |

The formula to be used to calculate the Base Figure for the DBE goal is as follows:

$$\frac{\text{DBE Firms in State by NAICS Code of Work to be Performed}}{\text{Firms in the State by NAICS Code of Work to be Performed}} = \text{Base Figure}$$

Historically over 70% of the contractors and subcontractors who have taken part in airport projects in Mississippi have come from the State of Mississippi. Therefore the market area for the development of the Base Figure was established as the State of Mississippi. A search was initiated with a series of DBE agencies within Mississippi that included the Contract Division of the Mississippi Department of Transportation (MDOT), The Minority Business Development Agency (MBDA), and The Small Business Administration, for an appropriate DBE directory. It was agreed, that the most comprehensive directory for DBE firms in the State of Mississippi was the “Mississippi Unified Certification Program List of Certified DBE Firms” that is developed and published by the Mississippi Department of Transportation.

The recent directory dated April 2014, contains the names of 440 DBE certified firms that are located both in and out of the State of Mississippi. Historically most of the contractors who have performed work at the airport along with a major portion of the funds expended have gone to firms located within the State of Mississippi. Due to the above, the universe to be used for the establishment of the Base Figure will be limited to the state of Mississippi, and thus a total of 215 out of state firms were eliminated from consideration. This reduced the number of considered firms, to a total of 225. Identifying those firms that could participate in the project from the appropriate NAICS further refined the directory. The resulting number will be used as the numerator in determining the Base Figure.

The next step in establishing the Base Figure was to determine our denominator. This was accomplished through the use of the Census Bureau’s County Business Pattern (CBCBP) and the identification of the NAICSs that were the same as those identified from the Directory. With these figures in hand we compute our Base Figure using the following mathematics:

$$\frac{\text{Base Figure}}{\text{Figure}} = .0379 \left(\frac{\text{MNAICS236220}}{\text{NAICS236220}} \right) + .7054 \left(\frac{\text{MNAICS237310}}{\text{NAICS237310}} \right) + .0432 \left(\frac{\text{MNAICS238320}}{\text{NAICS238320}} \right) + .0118 \left(\frac{\text{MNAICS238910}}{\text{NAICS238910}} \right) + .058 \left(\frac{\text{MNAICS484110}}{\text{NAICS484110}} \right) + .1145 \left(\frac{\text{MNAICS541330}}{\text{NAICS541330}} \right) + .029 \left(\frac{\text{MNAICS541380}}{\text{NAICS541380}} \right)$$

MNAICS- Mississippi DBE Directory NAICS
 NAICS – Census Bureau’s County Business Pattern (CBCBP) Data Base

$$\frac{\text{Base Figure}}{\text{Figure}} = .0379 \left(\frac{14}{353} \right) + .7054 \left(\frac{7}{103} \right) + .0432 \left(\frac{5}{146} \right) + .0118 \left(\frac{42}{308} \right) + .058 \left(\frac{31}{229} \right) + .1145 \left(\frac{10}{343} \right) + .029 \left(\frac{2}{50} \right)$$

$$\frac{\text{Base Figure}}{\text{Figure}} = .0015 + .0480 + .0015 + .0016 + .0079 + .0033 + .0012$$

$$\frac{\text{Base Figure}}{\text{Figure}} = 6.50\%$$

STEP 2: With the Base Figure established our next step was to more finely tailor this figure to reflect conditions that have occurred at the Golden Triangle Regional Airport. A review of

“Disparity Studies Performed since 1998”, as provided by the DOT OSDBU,(Office of Small and Disadvantaged Business) Utilization, Department of Transportation, OSDBU, Small Business Opportunities, Transportation Link, General Procurement Information revealed that there are no known disparity studies completed in the State of Mississippi. Contact was initiated with the State of Mississippi Insurance Department, The State of Mississippi Department of Banking and Consumer Financing, and the Associated General Contractors of America, Inc. office in Jackson, Mississippi to determine if there had been any recent known incidents of discrimination associated with financing, insurance, or bonding of minorities on projects. Each agency contacted indicated there had been no reported incidents from 1998 to the present. The Golden Triangle Regional Airport Authority has considered the suggested options outlined in 49 CFR Part 26 para 26.45 and determined that they were not applicable. Past performance is the only information available to determine if an adjustment to our Base Figure is warranted. Since 1995 there have been ten major FAA sponsored projects at the Golden Triangle Regional Airport. The past projects accomplished either did not meet the threshold for development of a goal, were not of a like type project, or have not yet been closed out. It was felt that a sampling of like type projects that have taken place in Mississippi would be appropriate for use in determining if an adjustment was required to the Base Figure. To this end, we investigated other airports with like type projects. Listed below are the projects that were included for analysis. As you will note, each of these projects is of a similar nature as the project that is being anticipated in the 2015 time frame at the Golden Triangle Regional Airport:

| GOLDEN TRIANGLE REGIONAL AIRPORT LIKE TYPE FAA PROJECTS | | | | |
|--|-----------------|-------------------------|---------------------|-------------------------------|
| YEAR | LOCATION | PROJECT EXPENSES | PROJECT TYPE | % OF DBE PARTICIPATION |
| 2003 | Ackerman | \$360,000 | Apron Overlay | 12.98%* |
| 2003 | Pontotoc | \$251,045 | Apron Overlay | 9.92% |
| 2006 | Madison | \$1,260,000 | Apron Rehab | 28.19% |
| MEDIAN * | | | | |

The next step was to determine if any adjustment might be needed to the Base Figure. It was determined that the Median of the three projects was 12.98% and it was felt that the Base Figure should be adjusted to cater for this variance.

A summary of this analysis yields the following:

| | |
|-------------------|--------------------|
| MEDIAN PERCENTAGE | 12.98% |
| BASE FIGURE | <u>+6.50%</u> |
| | 19.48% ÷ 2 = 9.74% |

Satisfied that the Median Percentage was valid, the final step in the comparison was the development of a simple average of the Base Figure and the Median Percentage to establish a final percentage. The result of this was 9.74%. It was felt that the Base Figure of 6.50% should be adjusted for this variance. The Average Percentage of 9.74% is established as the goal for DBE participation at the Golden Triangle Regional Airport for FY 2015.

D. PROCESS - The Golden Triangle Regional Airport Authority submitted its interim overall goal to the FAA in August 2014 for their consideration and approval. Before establishing the overall goal each year, the Authority has consulted with the Human Resources Division of the Mississippi Department of Transportation, and the Office of Minority Business Development to obtain information concerning the availability of disadvantaged and non-disadvantaged businesses, and the effects of discrimination on opportunities for DBEs. The Authority's efforts are to establish a level playing field for the participation of DBEs. Following this consultation, The Authority has published 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 Authority's principal office for 30 days following the date of the notice, and informing the public that the Authority and FAA will accept comments on the goals for 45 days from the date of the notice. This information was published in the Commercial Dispatch, and the Starkville Daily News, and made available to the Office of Minority Business Development at the State of Mississippi and on the Authority's websites. Normally, the Authority will issue this notice by June 1 of each year. The notice will include the Authority's addresses to which comments may be sent. The overall goal submission to the FAA will include a summary of information and comments received during this public participation process and the Authority's responses. Consultation discussions were held with the following agencies and persons:

| GOLDEN TRIANGLE REGIONAL AIRPORT AGENCIES/PERSONS CONSULTED WITH | |
|--|---|
| <i>Agency/Organization</i> | <i>Discussion/Information</i> |
| M. Hainsey, Ex. Dir., Golden Triangle Regional Airport | Availabilities of DBEs, small and DBE contracting in the local market |
| Mississippi DOT-DBE Report | Availabilities of DBEs, and Directories |
| Mississippi Dept. of Banking & Consumer Finance | Availabilities of DBEs, Directories, and Small and DBE contracting experience |
| State of Mississippi, Attorney General, Insurance Integrity Enforcement Bureau | Availabilities of DBEs, Directories, small and DBE contracting experience in the local market |

Public comments have been requested for the FY 2015 goal and the 45 day comment period is underway. Any comments received from the public advertisement or the other coordination will be evaluated, and necessary changes will be made to the goal and included in the contract documents for the project.

E. RACE CONSCIOUS AND RACE NEUTRAL GOALS: Each time the Golden Triangle Regional Airport Authority, submits an overall goal for review by the FAA, the Authority will also submit a projection of the portion of the goal that is expected to be met through race-neutral means and the basis for that projection. This projection is subject to approval by the FAA, in conjunction with its review of the Authority's overall goal.

The Golden Triangle Regional Airport Authority will meet the maximum feasible portion of its overall goal by using race-neutral means of facilitating DBE participation. Each time The Golden Triangle Regional Airport Authority submits an overall goal for review by the FAA, the Authority will also submit a projection of the portion of the goal that is expected to be met through race-neutral means and the basis for that projection. This projection is subject to

approval by the FAA, in conjunction with its review of the Authority’s overall goal. The Authority will establish contract goals to meet any portion of an overall goal when the Authority does not project being able to meet the goals using race-neutral means.

We estimate that, in meeting our overall goal of 9.74%, we will obtain 7.02% of the goal from race- conscious participation and 2.72% via race- neutral participation measures. This goal based on the history of DBE participation in prior projects and the availability of current DBE contractors.

This breakout was established by computing the median of the variance of the level of DBE participation vs. DBE goal on the three projects considered in Step 2 (see page 3) of the Previous FAA Projects. The Median is 2.72%, therefore 2.72% is established as the race neutral goal for FY 2015. The following is the data base upon which the level of variance was computed using the “Prior Projects Considered” information:

| GOLDEN TRIANGLE REGIONAL AIRPORT LIKE TYPE FAA PROJECTS PROJECT DBE GOAL VARIANCE | | | | |
|--|-----------------|-----------------|-------------------------------|-----------------|
| YEAR | LOCATION | DBE GOAL | % OF DBE PARTICIPATION | VARIANCE |
| 2003 | Ackerman | 10.26% | 12.98% | 2.72%* |
| 2003 | Pontotoc | 10.41% | 9.92% | -0.49% |
| 2006 | Madison | 10.31% | 28.19% | 17.88% |

F. CONTRACT GOALS

The Golden Triangle Regional Airport Authority will use contract goals to meet any portion of the overall goal that the Authority 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 contract goal is 9.74%

G. THREE YEAR GOAL

The FY 2015 has been added to the three year goal to be included in the methodologies previously submitted. Based on the methodologies and calculations for FY 2013, FY 2014 and FY 2015 for the Golden Triangle Regional Airport Authority the following average is submitted as a three year goal.

| | |
|---------|---------------------------|
| FY 2013 | 9.37% |
| FY 2014 | 10.10% |
| FY 2015 | <u>+ 9.74%</u> |
| | 29.21% ÷ 3 = 9.74% |

References:

- Mississippi UCP List of Certified DBE Firms, April 2014*
- U.S. Census Bureau, April 2014*