

**DBE GOAL METHODOLOGY
HATTIESBURG-LAUREL REGIONAL AIRPORT
FISCAL YEAR 2015**

A. UPDATE OF GOALS - To make the program as useful as possible to the public, the Hattiesburg-Laurel Regional Airport Authority, will update the "amount," "method," and "breakout" portions of this section of the program annually. Unless the Authority changes the method by which the goals are established, these program updates would not need to be submitted to the FAA for DBE program purposes. The material on overall goals in the DBE program will be a shorter summary of the material submitted annually in the overall goal submission.

B. AMOUNT OF GOAL - The Authority's overall goal for FY 2015 is 11.01% of the Federal financial assistance we will expend in DOT-assisted contracts. During this fiscal year, the Hattiesburg-Laurel Regional Airport expects to receive FAA Grants in the amount of approximately \$802,723.00. With \$802,723.00 proposed for the construction and engineering portion of the DOT-assisted contract, the overall goal to be expended is \$88,380.00.00 with DBE's during this fiscal year. 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 Hattiesburg-Laurel Regional Airport the first step was 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 grant that is anticipated involves the Construction of Connecting of Taxiway F and the associated Engineering/Design required for this projects. An analysis of the project indicates that funds will be expended in the following areas.

HATTIESBURG-LAUREL REGIONAL AIRPORT PROJECT ANALYSIS FY 2015			
TASK	NAICS	AMOUNT	PERCENTAGE
General Contractor	236220	\$117,495	14.64%
Water/Sewer Lines	237110	\$45,000	5.61%
Street & Highway	237310	\$315,000	39.24%
Electrical	238210	\$83,250	10.37%
Painting	238320	\$1,500	.18%
Site Prep	238910	\$132,500	16.51%
Engineering	541330	\$95,478	11.89%
Landscaping	561730	\$12,500	1.56%
TOTAL		\$802,723.00	100.00%

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

$$\frac{\text{Total DBE Firms in State listed by NAICS Code of Work to be Performed}}{\text{Total Firms in the State listed by NAICS Code of Work to be Performed}} \times 100 = \text{Base Figure}$$

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 December 2014, contains the names of 459 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 212 out of state firms were eliminated from consideration. This reduced the number of considered firms, to a total of 247. 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:

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:

$$\frac{Base}{Figure} = .1464\left(\frac{MNAICS236220}{NAICS236220}\right) + .0561\left(\frac{MNAICS237110}{NAICS237110}\right) + .3924\left(\frac{MNAICS237310}{NAICS237310}\right) + .1037\left(\frac{MNAICS238210}{NAICS238210}\right) + .0018\left(\frac{MNAICS238320}{NAICS238320}\right) + .1651\left(\frac{MNAICS238910}{NAICS238910}\right) + .1189\left(\frac{MNAICS541330}{NAICS541330}\right) + .0156\left(\frac{MNAICS561730}{NAICS561730}\right)$$

MNAICS- Mississippi DBE Directory NAICS

NAICS – Census Bureau’s County Business Pattern (CBCBP) Data Base

$$\frac{Base}{Figure} = .1464\left(\frac{16}{347}\right) + .0561\left(\frac{22}{110}\right) + .3924\left(\frac{9}{137}\right) + .1037\left(\frac{10}{412}\right) + .0018\left(\frac{2}{147}\right) + .1651\left(\frac{44}{125}\right) + .1189\left(\frac{9}{334}\right) + .0156\left(\frac{24}{156}\right)$$

$$\frac{Base}{Figure} = .0068 + .0112 + .0258 + .0025 + .0001 + .0581 + .0032 + .0024$$

$$\frac{Base}{Figure} = 11.01\%$$

STEP 2: With the Base Figure established our next step was to more finely tailor this figure to reflect conditions that have occurred at Hattiesburg-Laurel Regional Airport. A review of “Disparity Studies Performed since 1998”, as provided by the DOT OSDBU, Office of Small Business and Disadvantaged Business Utilization, DOT OSDBU, 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 relevant to this area. Contact was initiated with the State of Mississippi Insurance Department, The State of Mississippi Department of Banking and Consumer Financing 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. Hattiesburg-Laurel 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. Past performance is the only information available to determine if an adjustment to our Base Figure is warranted. During the period 1997-2014, the FAA has sponsored projects each year at Hattiesburg-Laurel Regional Airport. As the previous projects were not of a like type, samplings of like type appropriate projects that took place in Mississippi were used in determining if an adjustment was required to the Base Figure. To this end, we investigated three other airports with like type projects. Listed below are the projects that were included for analysis. Each of these projects is of a similar nature to the project that is being anticipated in the FY 2015 time frame at the Hattiesburg-Laurel Regional Airport:

HATTIESBURG-LAUREL REGIONAL AIRPORT LIKE TYPE FAA PROJECTS				
YEAR	LOCATION	PROJECT EXPENSES	PROJECT TYPE	% OF DBE PARTICIPATION
2001	Olive Branch	\$2,587,140	Construct TW	11.00%
2001	Mc Comb Pike	\$415,818	Construct TW	11.00%*
2006	Crystal Springs	\$309,187	Construct TW	23.43%
MEDIAN *				

The next step was to determine if any adjustment might be needed to the Base Figure. It was established that the Median of the three projects was 11.00% and that the Base Figure should be adjusted to cater for this variance.

A summary of this analysis yields the following:

MEDIAN PERCENTAGE	11.00%
BASE FIGURE	+ <u>11.01%</u>
	$22.01\% \div 2 = 11.01\%$

Satisfied that this percentage was valid, the final step in the comparison was the development of a simple average of the Like Type FAA Project Median and the Base Figure. It was felt that the Base Figure of 11.01% should be adjusted for the slight variance. The Base Figure and the Like Type FAA Project Median were combined and yielded an average of 11.01%, which is established as the goal for DBE participation at Hattiesburg-Laurel Regional Airport for

FY 2015.

D. PROCESS - 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 State has published a notice of the proposed overall goal in December, 2014 informing the public that the proposed goal and its rationale are available for inspection during normal business hours at the State’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 Hattiesburg American, posted on the airport’s website at www.flypib.com, and made available to the Office of Minority Business Development at the State of Mississippi. Normally, the Authority will issue this notice by June 1 of each year with submittal to the FAA by August 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. We will begin using our overall goal on October 1 of each year, unless we have received other instructions from DOT (or if the goal is established on a project basis, by the time of the first solicitation for a DOT-assisted contract for the project). Consultation discussions were held with the following agencies and persons:

HATTIESBURG-LAUREL REGIONAL AIRPORT AGENCIES/PERSONS CONSULTED WITH	
<i>Agency/Organization</i>	<i>Discussion/Information</i>
Mississippi DOT-DBE Report	Availabilities of DBEs, Directories and DBE contracting experience.
MBE Div., MDOT	Availabilities of DBEs, Directories and DBE contracting experience.
Mississippi Dept. of Banking & Consumer Finance	Availabilities of DBEs, Directories, 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 Hattiesburg-Laurel 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.

Hattiesburg-Laurel Regional Airport Authority will meet the maximum feasible portion of its overall goal by using race-neutral means of facilitating DBE participation. The Hattiesburg-

Laurel Regional Airport Authority uses the following race-neutral means to increase DBE participation: 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 goal using race-neutral means.

We estimate that, in meeting our overall goal of 11.01%, we will obtain 7.64% of the goal from race-conscious participation and 3.37% via race-neutral participation measures. This is an attainable 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 of the Like Type FAA Projects. The Median is 3.37%, and is establish as the race-neutral goal for FY 2015. The following is the data base upon which the level of variance was computed using the “Like Type FAA Project” information:

HATTIESBURG-LAUREL REGIONAL AIRPORT LIKE TYPE FAA PROJECTS/DBE GOAL VARIANCE				
YEAR	LOCATION	DBE GOAL	% OF DBE PARTICIPATION	VARIANCE
2001	Olive Branch	7.63%	11.00%	3.37%*
2001	Mc Comb Pike	10.50%	11.00%	0.50%
2006	Crystal Springs	10.66%	23.43%	12.77%
* MEDIAN PERCENTAGE				

We will adjust the estimated breakout of race-neutral and race-conscious participation as needed to reflect actual DBE participation and we 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.

F. CONTRACT GOALS: Contract goals will be used to meet any portion of the overall goal which 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 though 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 total amount of a DOT-assisted contract. The contract goal established for this period is 11.01%.

G. THREE YEAR GOAL: The FY 2013 DBE goal established was 9.18% while the FY 2014 DBE goal was 10.12%. The FY 2015 project had not yet been fully fleshed out at the time the FY 2013-2015 was submitted, therefore, the FY 2012 DBE goal that had been accomplished was used. As additional data is now available the Methodology and three year goal has been revised.

2013 - 9.18%
2014 - 10.12%
2015 - +11.01%
30.31% ÷ 3 =

Three year DBE Goal: 10.10%

References:

Mississippi UCP List of Certified DBE Firms, December 2014
2012 – U.S. Census Bureau, April 2014