



## **City of Chicago**

### **Federal Aviation Administration**

#### **DBE METHODOLOGY AND GOAL O'HARE INTERNATIONAL AIRPORT**

#### **FISCAL YEARS 2020-2022**

## Table of Content

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- I. **Summary**
- II. **Proposed Overall Goal for FFY 2020-2022**
- III. **DBE Goal Setting Methodology**
- IV. **Step 1. Base Figure**
  - a) **Anticipated FAA Funding Chart**
  - b) **Assignment of Work Codes/NAICS Codes**
  - c) **Determination of Market Area**
  - d) **Determination of Relative Availability**
  - e) **Weighted Base Figure**
- V. **Step 2. Base Figure Adjustment**
- VI. **Use of Race-Neutral Methods and DBE Goals**
- VII. **Contract Goal**
- VIII. **Good Faith Efforts**
- IX. **Process and Public Notice of Goal**

## List of Tables

---

**Table 1: Anticipated FAA Assisted Contract**

**Table 2: Anticipated NAICS Codes and Descriptions**

**Table 3: Anticipated FAA Assisted Projects for FFY 2020-2022**

**Table 4: Anticipated FAA Assisted Projects Classified by NAICS Codes**

**Table 5: Relative Availability**

**Table 6: Weighted Base Figure**

**Table 7: Dollar Value of Past DBE Participation**

**Table 8: Dollar Value of Past Race-Neutral Participation**

**DISADVANTAGED BUSINESS ENTERPRISE GOAL AND  
GOAL SETTING METHODOLOGY  
FISCAL YEARS 2020-2022**

**I. SUMMARY**

The City of Chicago (City) has prepared this document to describe the methodology used to establish its overall Disadvantaged Business Enterprise (DBE) goal for Federal Aviation Administration (FAA) assisted contracts. The DBE overall goal setting methodology is a requirement set forth in the United States Department of Transportation (USDOT) DBE regulations. The City performed a thorough analysis of the relative availability of DBEs to participate in our DOT-assisted contracts by using historical contract and payment data, the IL UCP Directory of Certified DBEs, and the Census Bureau’s County Business Pattern database to arrive at its overall goal of 25 percent. The City followed the regulations and guidance contained in the USDOT DBE regulations, 49 CFR Part 26.

**II. PROPOSED OVERALL GOAL FOR Federal Fiscal Year (FFY) 2020-2022**

The City will use an overall DBE goal for the three year FFY period 2020-2022 (October 1, 2019 to September 30, 2022) of 25%, to be accomplished through 23% race-conscious and 2% race-neutral measures. This goal will apply to all FAA-assisted contracts and represents the relative availability of DBEs based on evidence of ready, willing and able DBEs in relationship to all comparable businesses, which are known to be available to compete in FAA-assisted contracts. The overall DBE goal reflects City staff’s determination of the level of DBE participation, which would be expected absent the effects of discrimination.<sup>1</sup> The total FAA-assisted contract amounts the City expects to bid out in the next three years is as follows:

***Table 1: Anticipated FAA -Assisted Contracts Annual Spending***

Federal Fiscal Year	Dollar Amount
2020	\$70,000,000
2021	\$70,500,000
2022	\$33,000,000

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<sup>1</sup> Goal for individual projects will be assessed on a case-by-case basis to determine if adjustments are required given the scopes of work included and DBE availability.

### III. DBE GOAL SETTING METHODOLOGY

The USDOT DBE regulations, 49 CFR Part 26 require using a two-step process for setting the overall DBE goal that reflects the level of DBE participation. The first step is the calculation of a base figure for the relative availability of DBEs in the relevant market area. The second step requires examining all relevant evidence to determine what adjustment, if any, is needed to the base figure in order to arrive at an overall goal. Once the adjusted overall goal is determined, the process requires considering what portion of the goal will be met by race and gender-neutral measures.

In order to establish an overall goal consistent with the process in 49 CFR Part 26, the City began by defining its local market for FAA-assisted contracts through collecting and analyzing data from the IL UCP Directory of Certified DBEs, bidder’s list and U.S. Census Data. The City’s Uniform Report of DBE awards, commitments and payment reports were also used in determining the City’s overall DBE goal.

Based on available data from the City’s FAA-assisted contracts, the City determined that virtually all DBEs performed (either as prime contractors or subcontractors) in the following North American Industry Classification System (NAICS) Codes:

**Table 2: Anticipated NAICS Codes and Description**

NAICS CODE	TITLE
237110	Water and Sewer Line and related structures
237310	Highway, Street, and Bridge Construction
237990	Other Heavy and Civil Engineering Construction
238110	Poured Concrete Foundation and Structure Contractors
238120	Structural Steel and Precast Concrete Contractors
238130	Framing Contractors
238210	Electrical Contractors and Other Wiring Installation Contractors
238310	Drywall and Insulation Contractors
238320	Painting and Wall Covering Contractors
238350	Finish Carpentry Contractors
238910	Site Preparation Contractors
238990	All Other Specialty Trade Contractors
327320	Ready-Mix Concrete Manufacturing
332323	Ornamental and Architectural Metal Work Manufacturing

NAICS CODE	TITLE
423310	Lumber, Plywood, Millwork, and Wood Panel Merchant Wholesalers
423610	Electrical Apparatus and Equipment, Wiring Supplies, and Related Equipment Merchant Wholesalers
423730	Warm Air Heating and Air-Conditioning Equipment and Supplies Merchant Wholesalers
424720	Petroleum and Petroleum Products Merchant Wholesalers (except bulk stations and terminals)
484110	General Freight Trucking, Local
541330	Engineering Services
541370	Surveying and Mapping (except Geophysical) Services
541690	Other Scientific and Technical Consulting Services
561730	Landscaping Services
561990	Flagging (i.e., traffic control) services

#### IV. STEP 1. BASE FIGURE

To determine the preliminary DBE goal base figure, the analyses and calculations described on the following pages were conducted in accordance with 49 CFR Part 26.45:

##### a) Anticipated FAA Funding

FAA-assisted contracting for Fiscal Years 2020 – 2022 is expected to consist of fifteen (15) projects from the Chicago Department of Aviation. Additional projects may be undertaken if additional revenue becomes available (the overall DBE goal will be adjusted if necessary). These fifteen (15) anticipated contracts with the calculated percentage of federal dollars allocated to each project category are listed in **Table 3**.

**Table 3: Anticipated FAA-Assisted Contracts for FY 2020 – 2022**

Projects	FAA Funds
1) East Taxiway G and G3 Relocation	\$ 6,500,000
2) Runway 9R/27L Rehabilitation	\$ 11,000,000
3) Taxiway Y and Exit Taxiways Rehabilitation	\$ 13,500,000
4) Proposed Taxiway V6	\$ 4,000,000
5) Taxiway G Rehabilitation (Formerly Taxiway H Rehabilitation)	\$ 11,500,000
6) Taxiway LL – Phase 2 (Between Taxiway EE and Taxiway Y)	\$ 55,000,000

Projects	FAA Funds
7) Taxiway A and B Rehabilitation between Concourse K and Taxiway Bridges	\$20,000,000
8) Taxiway YY Rehabilitation	\$ 13,000,000
9) O'Hare Phase 17 Bid Package 3 - Sound Insulation of 131 historic homes in	\$8,000,000
10) O'Hare Phase 18A – Sound insulation of 250 homes	\$ 5,000,000
11) O'Hare Phase 18B – Sound insulation of 278 homes	\$ 6,000,000
12) O'Hare Phase 19A – Sound insulation of 250 homes	\$ 5,000,000
13) O'Hare Phase 19B – Sound insulation of 250 homes	\$ 5,000,000
14) O'Hare Phase 19C – Sound insulation of 250 homes	\$ 5,000,000
15) O'Hare Phase 19D – Sound insulation of 254 homes	\$ 5,000,000
	<b>\$173,500,000</b>

**b) Assignment of Work Codes/NAICS Codes**

The study next analyzed the scope of work of each project category and identified NAICS codes by project and description, as shown in **Table 4**.

**Table 4: Anticipated FAA -Assisted Contracts Classified by NAICS Codes and Description**

Projects	NAICS	NAICS Description
1) East Taxiway G and G3 Relocation (Formerly Taxiway H and H2 Relocation)	237310	Highway, street and Bridge Construction
	237110	Water and Sewer Line and Related Structures Construction
2) Runway 9R/27L Rehabilitation	237990	Other Heavy and Civil Engineering Construction
3) Taxiway Y and Exit Taxiways Rehabilitation	238110	Poured Concrete Foundation and Structure Contractors
	238120	Structural Steel and Precast Concrete Contractors
4) Proposed Taxiway V6	238210	Electrical Contractors and other wiring installation
5) Taxiway G Rehabilitation (formerly Taxiway H Rehabilitation)	238910	Site preparation contractors
	238990	All Other Specialty Trade Contractors
	327320	Ready Mix Concrete Manufacturing
6) Taxiway LL – Phase 2 (Between Taxiway EE and Taxiway Y)	332323	Ornamental and Architectural Metal Work Manufacturing
	423610	Electrical Apparatus and Equipment, Wiring Supplies, and

Projects	NAICS	NAICS Description
between Concourse K and Taxiway Bridges A/B 8) Taxiway YY Rehabilitation		Related Equipment Merchant Wholesalers
	424720	Petroleum and Petroleum Products Merchant Wholesalers (except bulk stations and terminals)
	484110	General Freight Trucking Local
	541330	Engineering Services
	541690	Other Scientific and Technical Consulting Services
	561730	Landscaping Services
	561990	All other support Services
9) O'Hare Phase 17 Bid Package 3 Sound insulation of homes 10) O'Hare Phase 18A 11) O'Hare Phase 18B 12) O'Hare Phase 19A 13) O'Hare Phase 19B 14) O'Hare Phase 19C 15) O'Hare Phase 19D	238130	Framing Contractors
	238210	Electrical Contractors and Others Wiring Installation Contractors
	238310	Drywall and Insulation Contractors
	238320	Painting and Wall Covering Contractors
	238350	Finish Carpentry Contractors
	238910	Site Preparation Contractors
	423310	Lumber, Plywood, Millwork, and Wood Panel Merchant Wholesalers
	423730	Supplier – HVAC Equipment
	541370	Surveying and Mapping Services

**c) Determination of Market Area**

For purposes of DBE goal-setting, the Chicago market area was defined as the Six-County region including Cook, DuPage, Kane, Lake, McHenry, and Will Counties, based on City service area and bidder/vendor database profiles.

**d) Calculation of Relative Availability**

49 CFR Part 26.45 Section (c) states that Step 1 must begin by determining a base figure for Relative Availability of DBEs, and that any percentage figure derived is considered a basis to begin examining all evidence available within the jurisdiction. The City calculated Relative Availability of DBE firms using the following sources of information:

- The *Illinois UCP Directory* was used to identify the number of certified DBEs willing to perform work in the City's market area for each NAICS code identified in the fifteen contracts included in the analysis.
- The *U.S. Census Bureau's County Business Patterns (CBP) database* was used to identify



the total number of businesses available in the City’s market area to work on each of the NAICS codes identified for the anticipated contracts. For this analysis, the most recent available (2017) data from the CBP was used.

The relative availability was calculated by dividing the number of DBEs (numerator) by the number of all businesses (denominator) for each NAICS code. The calculations yielded the following percentages (noted as “DBE% Relative Availability” **Table 5**).

$$\text{Relative Base Figure} = \frac{\text{Ready, Willing and Able DBEs}}{\text{All Ready, Willing and Able Businesses (including DBEs and non-DBEs)}}$$

$$\text{Relative Base Figure of } 15.63\% = \frac{1,916 \text{ DBEs}}{12,261 \text{ Total Businesses}}$$

**Table 5: Relative Availability**

NAICS CODE	Number of Available Businesses		Percentage of Available Businesses		
	DBEs	All	DBEs	Non-DBE's	All
237110	36	92	0.29%	0.49%	0.75%
237310	283	103	2.31%	-1.47%	0.84%
237990	82	68	0.67%	-0.11%	0.55%
238110	155	249	1.26%	0.77%	2.03%
238120	25	31	0.20%	0.05%	0.25%
238130	141	181	1.15%	0.33%	1.48%
238210	91	1303	0.74%	9.89%	10.63%
238310	48	211	0.39%	1.33%	1.72%
238320	101	955	0.82%	6.97%	7.79%

NAICS CODE	Number of Available Businesses		Percentage of Available Businesses		
	DBEs	All	DBEs	Non-DBE's	All
238350	72	852	0.59%	6.36%	6.95%
238910	113	294	0.92%	1.48%	2.40%
238990	100	750	0.82%	5.30%	6.12%
327320	5	24	0.04%	0.15%	0.20%
332323	11	15	0.09%	0.03%	0.12%
423310	5	53	0.04%	0.39%	0.43%
423610	44	206	0.36%	1.32%	1.68%
423730	12	71	0.10%	0.48%	0.58%
424720	13	22	0.11%	0.07%	0.18%
484110	47	2551	0.38%	20.42%	20.81%
541330	208	815	1.70%	4.95%	6.65%
541370	51	73	0.42%	0.18%	0.60%
541690	117	530	0.95%	3.37%	4.32%
561730	104	2596	0.85%	20.32%	21.17%
561990	52	216	0.42%	1.34%	1.76%
<b>TOTAL</b>	<b>1916</b>	<b>12,261</b>	<b>15.63%</b>	<b>84.37%</b>	<b>100.00%</b>

e) **Weighted Base Figure**

Following the FAA recommendations from the “Tips for Goal Setting in the Disadvantaged Business Enterprise (DBE) Program” the relative availability was weighted based on the dollar amount projected to be spent on each NAICS code. This part of the process emphasizes contracting opportunities based on relative importance to the City’s needs.

A weight was calculated based on the projected dollars assigned to each NAICS code. Then, for each NAICS code, the percentage of relative DBE availability was multiplied times the corresponding weight. Because the City’s federally funded contracts are identified on a contract-by-contract basis after federal funding is received, weights cannot be calculated based on anticipated contracts. As shown in **Table 6**, the weighted DBE availability is 23.77%.

$$\text{Weighted Base Figure} = \text{Weight} \times \text{Relative Availability}$$

**Table 6: Weighted Base Figure**

NAICS CODE	Number of Available Businesses		Anticipated Contracted Amount	Weight	Weighted DBE Availability			
	DBEs	All						
<b>Industry: Construction</b>								
237110	36	92						
237310	283	103						
237990	82	68						
238110	155	249						
238120	25	31						
238130	141	181						
238210	91	1303						
238310	48	211						
238320	101	955						
238350	72	852						
238910	113	294						
238990	100	750						
<b>Subtotals ...</b>	<b>1247</b>	<b>5089</b>				<b>\$ 135,330,000</b>	<b>78.00%</b>	<b>19.11%</b>
<b>Industry: Nonmetallic Mineral Product Manufacturing</b>								
327320	5	24						
<b>Subtotals ...</b>	<b>5</b>	<b>24</b>				<b>\$ 10,410,000</b>	<b>6.00%</b>	<b>1.25%</b>
<b>Industry: Fabricated Metal Product Manufacturing</b>								
332323	11	15						
<b>Subtotals ...</b>	<b>11</b>	<b>15</b>				<b>\$ 5,205,000</b>	<b>3.00%</b>	<b>2.20%</b>
<b>Industry: Merchant Wholesalers, Durable Goods</b>								
423310	5	53						
423610	44	206						
423730	12	71						
424720	13	22						
<b>Subtotals ...</b>	<b>74</b>	<b>352</b>	<b>\$ 1,735,000</b>	<b>1.00%</b>	<b>0.21%</b>			
<b>Industry: Truck Transportation</b>								
484110	47	2551						
<b>Subtotals ...</b>	<b>47</b>	<b>2551</b>				<b>\$ 13,880,000</b>	<b>8.00%</b>	<b>0.15%</b>

NAICS CODE	Number of Available Businesses		Anticipated Contracted Amount	Weight	Weighted DBE Availability
	DBEs	All			
<b>Industry: Professional, Scientific and Technical Services</b>					
541330	208	815			
541370	51	73			
541690	117	530			
<b>Subtotals ...</b>	<b>376</b>	<b>1418</b>	<b>\$ 5,205,000</b>	<b>3.00%</b>	<b>0.80%</b>
<b>Industry: Administrative and Support Services</b>					
561730	104	2596			
561990	52	216			
<b>Subtotals ...</b>	<b>156</b>	<b>2812</b>	<b>\$ 1,735,000</b>	<b>1.00%</b>	<b>0.06%</b>
<b>TOTAL ...</b>	<b>1916</b>	<b>12,261</b>	<b>\$ 173,500,000</b>	<b>100%</b>	<b>23.77%</b>

#### V. STEP 2. BASE FIGURE ADJUSTMENT

Per 49 CFR 26.45(d), following calculation of a base figure, all available evidence must be examined to determine what adjustment, if any, is needed to the base figure to make the DBE goals as precise as possible. This adjustment can be made if relevant and reliable data is available. The consideration of an adjustment is intended to account for any impact the relevant factors may have on a DBE's contracting opportunities with the City.

After calculating a base figure of the relative availability of DBE's, evidence was examined to determine what adjustment (if any) was needed to the base figure in order to arrive at the overall goal. Table 7 details DBE utilization, measured by actual payments on contracts completed from 2015 to 2019. The data used to determine the adjustment to the base figure was the median of historical DBE participation which ranged from 24.14% to 33.15% (see Table 7 below).

**Table 7: Dollar Value of Past DBE Participation**

FYY	Final Contract Value (\$)	DBE Participation (\$)	DBE Participation (%)
2015	16,466,122	3,975,244	24.14
2016	128,042,610	40,567,246	31.68
2017	213,740,959	70,853,313	33.15
2018	53,996,831	13,371,184	24.76
2019	160,673,667	42,761,048	26.61
Median DBE Participation within the past five years			<b>26.61%</b>

The median past participation for these years is **26.61%**. The difference between the Step One weighted base figure (23.77%) and median past DBE participation (26.61%) indicates that DBEs have the capacity to perform Aviation work and suggests that an adjustment of the Step One base figure is warranted. By calculating the average of the Step One weighted base figure and the average median of past participation, the City determined an adjusted base figure of **25%**. This is an overall goal for the O’Hare International Airport.

**VI. USE OF RACE-NEUTRAL METHODS AND DBE CONTRACT GOALS**

Table 8 details DBE utilization, measured by actual payments on contracts completed from 2015 to 2019. The median race and gender-neutral DBE utilization achieved by City was 2.06 percent. **Table 8** also demonstrates past utilization as reported as achievements on the City’s Uniform Report. The overall median past utilization is 26.61% for the same time period of 2015 – 2019.

**Table 8: Dollar Value of Past Race-Neutral Participation**

YEAR	Total Final Contract Value \$	Race Neutral DBE Achievement \$		Overall DBE Achievement \$	
2015	16,466,122	778,694	4.73%	3,975,244	24.14%
2016	128,042,610	2,638,587	2.06%	40,567,246	31.68%
2017	213,740,959	9,326,700	4.36%	70,853,313	33.15%
2018	53,996,831	79,705	0.15%	13,371,184	24.76%
2019	160,673,667	0	0.00	42,761,048	26.61%

The City will meet the maximum feasible portion of its overall goal by using race-neutral means of facilitating race-neutral DBE participation, including those set out in Section 26.51(b). Race-neutral DBE participation includes any time a DBE wins a prime contract through customary competitive procurement procedures or is awarded a subcontract on prime contract that does not carry a DBE contract goal.

Race-neutral means include, but are not limited to the following:

1. Arranging solicitations, times for the presentation of bids, quantities, specifications, and delivery schedules in ways that facilitation participation by DBEs and other small businesses and by making contracts more accessible to small businesses, by means such as those provided under §26.39.
2. Provide assistance in overcoming limitations such as the inability to obtain bonding or financing (e.g., by such means as simplifying the bonding process, reducing bonding requirements, eliminating the impact of surety costs from bids, and providing services to help DBE’s, and other small businesses, obtaining bonding and financing);

3. Providing technical assistance and other services;
4. Carrying out information and communications programs on contracting procedures and specific goal opportunities (e.g., ensuring the inclusion of DBEs, and other small businesses, on recipient mailing list for bidders; ensuring the dissemination to bidders on prime contracts of lists of potential subcontractors; provision of information in languages other than English, where appropriate);
5. Implementing a supportive services program to develop and improve immediate and long-term business management, record keeping, and financial and accounting capability for DBEs and other small businesses;
6. Providing services to help DBEs, and other small businesses, improve long-term development, increase opportunities to participate in a variety of kinds of work, handle increasingly significant projects, and achieve eventual self-sufficiency;
7. Establishing a program to assist new, start-up firms, particularly in fields in which DBE participation has historically been low;
8. Ensuring distribution of the DBE directory, through print and electronic means, to the widest feasible universe of potential prime contractors; and
9. Assisting DBEs, and other small businesses, to develop their capability to utilize emerging technology and conduct business through electronic media.

The City estimates that in meeting the established overall goal of 25%. It will obtain 2% from race-neutral participation and 23% through race-conscious measures.

The City will adjust the estimated breakout of race-neutral and race-conscious DBE participation as needed to reflect actual DBE participation and will track and report race-conscious and race-neutral participation separately. For reporting purposes, race-neutral 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.

## **VII. CONTRACT GOALS**

Contract goals are established so that, over the period to which the overall goal applies, they will cumulatively result in meeting any portion of the City's overall goal that is not projected to be met through the use of race-neutral means.

We will establish contract goals only on those FAA-assisted contracts that have subcontracting possibilities. We 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). We will express our contract goals as a percentage of the total amount of DOT-assisted contracts.

#### **VIII. GOOD FAITH EFFORTS**

The City handles bidder's/respondent's compliance with good faith efforts requirements as a matter of responsiveness. Each solicitation for which the contract goal has been established will require the bidder/respondent to submit the following at the time of bid submission:

- a. Names and addresses of DBE firms that were solicited for potential DBE and non-DBE participation as subcontractor.
- b. Written and signed documentation of commitment to use a DBE subcontractor whose participation it submits in order to meet the contract goal.
- c. A description of the work that each DBE will perform.
- d. Dollar amount of participation of each DBE firm performing work.
- e. Written and signed confirmation from the DBE that is participating in the contract as provided in the prime contractor's commitment.
- f. If a commitment to the contract goal could not be met, evidence of good faith efforts must be fully documented and submitted to the City for review and approval.

Provided that in a negotiated procurement the bidder/offeror may make a contractually binding commitment to meet the goal at the time of bid submission, or the presentation of initial proposals, but provide the information required by (a)-(f) above before the final selection for the contract is made by the recipient.

#### **IX. PROCESS AND NOTICE OF GOAL**

Before establishing the overall goal, the City will provide for consultation and publication to obtain information concerning the availability of disadvantaged and non-disadvantaged businesses, the effects of discrimination on opportunities for DBE's and the City's efforts to establish a level playing field for the participation of DBE's.

A notice of the proposed overall goal will be published on the City's Department of Procurement Services website informing the public that the proposed goal and its rationale is available for inspection for 30 days following the date of the notice. The City's overall goal submission to the FAA will include a summary of information and comments received during this public participation process and the City's responses.