



City of Chicago
Federal Aviation Administration
DBE METHODOLOGY AND GOAL
MIDWAY AIRPORT
FISCAL YEARS 2023-2025

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DISADVANTAGED BUSINESS ENTERPRISE GOAL AND GOAL SETTING METHODOLOGY FISCAL YEARS 2023-2025

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 24.4 percent. The City followed the regulations and guidance contained in the USDOT DBE regulations, 49 CFR Part 26.

II. PROPOSED OVERALL GOAL FOR FFY 2023-2025

The City will use an overall DBE goal for the three Federal Fiscal Year (FFY) period 2023-2025 (October 1, 2022 to September 30, 2025) of 24.4%, to be accomplished through 24.4% race-conscious and 0.00% 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.¹ The total FAA-assisted contract amounts the City expects to bid out in the next three years are as follows:

Table 1: Anticipated FAA -Assisted Contracts Annual Spending

Federal Fiscal Year	Dollar Amount
2023	\$37,500,000
2024	\$88,306,122
2025	\$75,938,776

III. DBE GOAL SETTING METHODOLOGY

The USDOT DBE regulations, 49 CFR Part 26 requires 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

¹ Goals 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.

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 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.

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 Descriptions

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
238210	Electrical Contractors and Other Wiring Installation Contractors
238910	Site Preparation Contractors
238990	All Other Specialty Trade Contractors
327320	Ready-Mix Concrete Manufacturing
332323	Ornamental and Architectural Metal Work Manufacturing
423610	Electrical Apparatus and Equipment, Wiring Supplies, and Related Equipment 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 2023 – 2025 is expected to consist of eight (8) main projects from the Chicago Department of Aviation. Additional projects may be undertaken if revenue becomes available and the overall DBE goal will be adjusted if necessary. These eight (8) anticipated contracts with the calculated percentage of federal dollars allocated to each project category are listed in **Table 3**.

Table 3: Anticipated FAA-Assisted Projects for FY 2023 – 2025

Projects	FAA Funds
1) Terminal Restroom Renovation Project – Phase I	\$ 10,000,000
2) Passenger Loading Bridge Refresh Project	\$ 10,000,000
3) Terminal Restroom Renovation Project – Phase II	\$ 10,000,000
4) Runway 13C/31C Pavement Rehabilitation	\$ 37,306,122
5) Taxiways E1, E2, & E3 Pavement Reconfiguration	\$ 34,938,776
6) Midway Phase 16a – Sound insulation of homes	\$ 17,500,000
7) Midway Phase 16b	\$ 41,000,000
8) Midway Phase 16c	\$ 41,000,000
	\$ 201,744,898

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 Projects Classified by NAICS Codes and Description

Projects	NAICS	NAICS Description
1) Terminal Restroom Renovation Project – Phase I	237310	Highway, street and Bridge Construction
	237110	Water and Sewer Line and Related Structures Construction
2) Passenger Loading Bridge Refresh Project	237990	Other Heavy and Civil Engineering Construction
3) Terminal Restroom Renovation Project – Phase II	238110	Poured Concrete Foundation and Structure Contractors
	238120	Structural Steel and Precast Concrete Contractors
4) Runway 13C/31C Pavement Rehabilitation	238210	Electrical Contractors and other wiring installation
	238910	Site preparation contractors

Projects	NAICS	NAICS Description
5) Taxiways E1, E2, & E3 Pavement Reconfiguration	238990	All Other Specialty Trade Contractors
	327320	Ready Mix Concrete Manufacturing
	332323	Ornamental and Architectural Metal Work Manufacturing
	423610	Electrical Apparatus and Equipment, Wiring Supplies, and Related Equipment 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	All other support Services
6) Midway Phase 16a – Sound Insulation	238210	Electrical Contractors and Other Wiring Installation Contractors
7) Midway Phase 16b	238910	Site Preparation Contractors
8) Midway Phase 16c	238990	All Other Specialty Trade Contractors
	561990	All other support 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:

- a. 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 eight (8) 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 NAICS code identified for the anticipated contracts. For this analysis, the most recent available (2020) 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**).

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

$$\text{Relative Base Figure of } 11.75\% = \frac{1,633 \text{ DBEs}}{13,899 \text{ Total Businesses}}$$

Table 5: Relative Availability

NAICS CODE	Number of Available Businesses		Percentage of Available Businesses		
	DBEs	All	DBEs	Non-DBE's	All
237110	40	188	0.29%	1.06%	1.35%
237310	295	210	2.12%	-0.61%	1.51%
237990	84	98	0.60%	0.10%	0.71%
238110	160	414	1.15%	1.83%	2.98%
238120	25	84	0.18%	0.42%	0.60%
238210	92	1909	0.66%	13.07%	13.73%
238910	136	467	0.98%	2.38%	3.36%
238990	117	1031	0.84%	6.58%	7.42%
327320	6	86	0.04%	0.58%	0.62%
332323	11	62	0.08%	0.37%	0.45%
423610	49	420	0.35%	2.67%	3.02%
424720	15	46	0.11%	0.22%	0.33%
484110	54	3246	0.39%	22.97%	23.35%
541330	220	1334	1.58%	8.01%	9.60%
541370	54	120	0.39%	0.47%	0.86%
541690	117	610	0.84%	3.55%	4.39%
561730	114	3213	0.82%	22.30%	23.12%
561990	44	361	0.32%	2.28%	2.60%
TOTAL	1,633	13,899	11.75%	88.25%	100.00%

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. Due to the fact that 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 **19.3%**.

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

Table 6: Weighted Base Figure

NAICS CODE	Number of Available Businesses		Anticipated Contracted Amount	Weight	Weighted DBE Availability
	DBEs	All			
Industry: Construction					
237110	40	188	\$ 155,343,571.46	77.00%	16.60%
237310	295	210			
237990	84	98			
238110	160	414			
238120	25	84			
238210	92	1909			
238910	136	467			
238990	117	1031			
Subtotals ...	949	4401			
Industry: Nonmetallic Mineral Product Manufacturing					
327320	6	86	\$ 5,043,622.45	2.50%	0.17%
Subtotals ...	6	86			
Industry: Fabricated Metal Product Manufacturing					
332323	11	62	\$ 5,043,622	2.50%	0.44%
Subtotals ...	11	62			
Industry: Merchant Wholesalers, Durable Goods					
423610	49	420	\$ 9,078,520.41	4.50%	0.62%
424720	15	46			
Subtotals ...	64	466			

NAICS CODE	Number of Available Businesses		Anticipated Contracted Amount	Weight	Weighted DBE Availability
	DBEs	All			
Industry: Truck Transportation					
484110	54	3246			
Subtotals ...	54	3246	\$ 12,104,693.88	6.00%	0.10%
Industry: Professional, Scientific and Technical Services					
541330	220	1334			
541370	54	120			
541690	117	610			
Subtotals ...	391	2064	\$ 14,122,142.86	7.00%	1.33%
Industry: Administrative and Support Services					
561730	114	3213			
561990	44	361			
Subtotals ...	158	3574	\$ 1,513,086.74	0.75%	0.03%
TOTAL ...	1,633	13,899	\$ 201,744,898.00	100%	19.3%

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 are 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 DBEs, 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 awards to DBE on contracts awarded 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 0% to 31.5% (see **Table 7** below).

Table 7: Dollar Value of Past DBE Participation

FYY	Contract Awards (\$)	DBE Awards (Dollar Value)	DBE Participation (%)
2017	5,831,250	1,836,007	31.5%
2018	3,518,597	1,063,320	30.2%
2019	0	0	0.0%
2020	276,900	81,510	29.4%
2021	0	0	0.0%
Median DBE Participation within the past five years			29.4%

The median past participation for these years is 29.4%. The difference between the Step One weighted base figure (19.3%) and median past DBE participation (29.4%) 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 24.4%. This is the overall goal for the Midway Airport.

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

Table 8 details DBE utilization, measured by actual DBE commitments on contracts awarded from 2019 to 2023. The median race and gender-neutral DBE utilization achieved by City was 0.00%. **Table 8** also demonstrates past utilization as reported as achievements on the City’s Uniform Report. The overall median past utilization is 29.4% for the same time of 2017 – 2021.

Table 8: Dollar Value of Past Race-Neutral Participation

YEAR	Total Contract Award \$	Race Neutral DBE Achievement \$		Overall DBE Achievement \$	
2017	5,831,250	100,980	1.73%	1,836,007	31.49%
2018	3,518,597	44,659	1.27%	1,063,320	30.22%
2019	0	-	0.00%	0	0.00%
2020	276,900	-	0.00%	81,510	29.44%
2021	0	-	0.00%	0	0.00%

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 24.4%. It will obtain 0.00% from race-neutral participation and 24.4% 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 our 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 effort 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

The City of Chicago hereby announces its proposed Disadvantaged Business Enterprise (DBE) participation goal of 24.4% for Midway Airport's Federal Aviation Authority's funded contracts/agreements. The proposed goal pertains to federal fiscal years 2023-2025. A notice of the proposed goal and its attendant methodology will be published on the City's website, informing the public that the proposed goal and its rationale were available for inspection during normal business hours for 30 days following the date of notice.