



City of Chicago

Federal Aviation Administration

DBE METHODOLOGY AND GOAL

O'HARE INTERNATIONAL 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 19.3 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) 2023-2025

The City will use an overall DBE goal for the three-year FFY period 2023-2025 (October 1, 2022 to September 30, 2025) of 19.3%, to be accomplished through 18.6% race-conscious and 0.7 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 is as follows:

Table 1: Anticipated FAA -Assisted Contracts Annual Spending

Federal Fiscal Year	Dollar Amount
2023	\$249,581,633
2024	\$249,234,694
2025	\$254,251,020

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

¹ 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.

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 Description

NAICS CODE	TITLE
236220	Commercial and Institutional Building Construction
237110	Water and Sewer Line and related structures
237130	Power and Communication Line and Related Structure Construction
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
238140	Masonry Contractors
238150	Glass and Glazing Contractors
238160	Roofing Contractors
238190	Other Foundation, Structure, and Building Exterior Contractors
238210	Electrical Contractors and Other Wiring Installation Contractors
238220	Plumbing, Heating and Air Conditioning Contractors
238290	Other Building Equipment Contractors
238310	Drywall and Insulation Contractors
238320	Painting and Wall Covering Contractors
238330	Flooring Contractors
238340	Tile and Terrazzo Contractors
238350	Finish Carpentry Contractors
238390	Other Building Finishing Contractors
238910	Site Preparation Contractors
238990	All Other Specialty Trade Contractors

NAICS CODE	TITLE
327320	Ready-Mix Concrete Manufacturing
332322	Sheet Metal Work Manufacturing
332323	Ornamental and Architectural Metal Work Manufacturing
339950	Sign Manufacturing
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
541380	Testing Laboratories and 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 thirteen (13) 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 thirteen (13) 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 2023 – 2025

Projects	FAA Funds
1) Taxiways A&B Rehabilitation (Taxiway A19 to I-190 Bridges)	\$ 16,081,633
2) Satellite 1 Concourse with Station Box	\$ 213,000,000
3) Heating & Refrigeration Plant	\$ 12,000,000

Projects	FAA Funds
4) Taxiways S, S1, S2 & S3 Rehabilitation	\$ 12,734,694
5) Satellite 2 Concourse with Station Box	\$ 135,000,000
6) Consolidated Tunnel Section Between Satellites 1 and 2	\$ 78,00,000
7) Heating and Refrigeration Plant	\$ 12,000,000
8) Taxiways A&B Rehabilitation (Taxiway A16 to Taxiway A19)	\$ 21,551,020
9) Satellite 2 Concourse with Station Box	\$ 155,000,000
10) Consolidated Tunnel Section Between Satellites 1 and 2	\$ 70,000,000
11) O'Hare Phase 18B – Sound insulation of 166 homes	\$ 8,500,000
12) O'Hare Phase 19A – Sound insulation of 200 homes	\$ 11,500,000
13) O'Hare Phase 19B – Sound insulation of 183 homes	\$ 7,700,000
	\$753,067,347

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) Taxiway A&B Rehabilitation (Taxiway A19 to I-90)	236220	Commercial & Institutional Building Construction
2) Satellite 1 Concourse with Station Box	237110	Water and Sewer Line and Related Structures Construction
3) Heating & Refrigeration Plant	237130	Power and Communication Lines and Related Structures Construction
4) Taxiways S, S1, S2, & S3 Rehabilitation	237310	Highway, Street, and Bridge Construction
5) Satellite 2 Concourse with Station Box	237990	Other Heavy and Civil Engineering Construction
6) Consolidated Tunnel Section Between Satellites 1 and 2	238110	Poured Concrete Foundation and Structure Contractors
7) Heating and Refrigeration Unit	238120	Structural Steel and Precast Concrete Contractors
8) Taxiways A&B Rehabilitation (Taxiway A16 to Taxiway A19)	238140	Masonry Contractors
	238150	Glass and Glazing Contractors
	238160	Roofing Contractors
	238190	Other Foundation, Structure, and Building Exterior

Projects	NAICS	NAICS Description
9) Satellite 2 Concourse with Station Box 10) Consolidated Tunnel Section Between Satellites 1 and 2		Contractors
	238210	Electrical Contractors and other wiring installation
	238220	Plumbing, Heating, and Air-Conditioning Contractors
	238290	Other Building Equipment Contractors
	238310	Drywall and Insulation Contractors
	238320	Painting and Wall Covering Contractors
	238330	Flooring Contractors
	238340	Tile and Terrazzo Contractors
	238350	Finish Carpentry Contractors
	238390	Other Building Finishing Contractors
	238910	Site preparation contractors
	238990	All Other Specialty Trade Contractors
	327320	Ready Mix Concrete Manufacturing
	332322	Sheet Metal Work Manufacturing
	332323	Ornamental and Architectural Metal Work Manufacturing
	339950	Sign Manufacturing
	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	
541380	Testing Laboratories and Services	
541690	Other Scientific and Technical Consulting Services	
561730	Landscaping Services	
561990	All other support Services	
11) O'Hare Phase 18B	238130	Framing Contractors
12) O'Hare Phase 19A	238210	Electrical Contractors and Others Wiring Installation Contractors
13) O'Hare Phase 19B		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:

1. 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 thirteen (13) contracts included in the analysis.
2. 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 (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**).

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

$$\text{Relative Base Figure of } 10.08\% = \frac{2,440 \text{ DBEs}}{24,199 \text{ Total Businesses}}$$

Table 5: Relative Availability

NAICS CODE	Number of Available Businesses		Percentage of Available Businesses		
	DBEs	All	DBEs	Non-DBE's	All
236220	134	947	0.55%	3.36%	3.91%

NAICS CODE	Number of Available Businesses		Percentage of Available Businesses		
	DBEs	All	DBEs	Non-DBE's	All
237110	40	188	0.17%	0.61%	0.78%
237130	45	120	0.19%	0.31%	0.50%
237310	295	210	1.22%	-0.35%	0.87%
237990	84	98	0.35%	0.06%	0.40%
238110	160	414	0.66%	1.05%	1.71%
238120	25	84	0.10%	0.24%	0.35%
238130	50	239	0.21%	0.78%	0.99%
238140	44	656	0.18%	2.53%	2.71%
238150	9	169	0.04%	0.66%	0.70%
238160	20	621	0.08%	2.48%	2.57%
238190	18	141	0.07%	0.51%	0.58%
238210	92	1909	0.38%	7.51%	7.89%
238220	61	2759	0.25%	11.15%	11.40%
238290	27	231	0.11%	0.84%	0.95%
238310	56	256	0.23%	1.24%	1.47%
238320	109	1138	0.45%	4.25%	4.70%
238330	35	587	0.14%	2.28%	2.43%
238340	22	225	0.09%	0.84%	0.93%
238350	78	1063	0.32%	4.07%	4.39%
238390	26	278	0.11%	1.04%	1.15%
238910	136	467	0.56%	1.37%	1.93%
238990	117	1031	0.48%	3.78%	4.26%
327320	6	86	0.02%	0.33%	0.36%
332322	10	119	0.04%	0.45%	0.49%
332323	11	62	0.05%	0.21%	0.26%
339950	8	166	0.03%	0.65%	0.69%
423310	7	140	0.03%	0.55%	0.58%
423610	49	420	0.20%	1.53%	1.74%
423730	11	154	0.05%	0.59%	0.64%
424720	15	46	0.06%	0.13%	0.19%
484110	54	3246	0.22%	13.19%	13.41%
541330	220	1334	0.91%	4.60%	5.51%
541370	54	120	0.22%	0.27%	0.50%
541380	37	191	0.15%	0.64%	0.79%

NAICS CODE	Number of Available Businesses		Percentage of Available Businesses		
	DBEs	All	DBEs	Non-DBE's	All
541690	117	610	0.48%	2.04%	2.52%
561730	114	3213	0.47%	12.81%	13.28%
561990	44	361	0.18%	1.31%	1.49%
TOTAL	2440	24199	10.08%	89.92%	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. 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 11.2%.

Weighted Base Figure = Weight x Relative Availability

Table 6: Weighted Base Figure

NAICS CODE	Number of Available Businesses		Anticipated Contracted Amount	Weight	Weighted DBE Availability
	DBEs	All			

Industry: Construction					
236220	134	947			
237110	40	188			
237130	45	120			
237310	295	210			
237990	84	98			
238110	160	414			
238120	25	84			
238130	50	239			
238140	44	656			
238150	9	169			
238160	20	621			

NAICS CODE	Number of Available Businesses		Anticipated Contracted Amount	Weight	Weighted DBE Availability
	DBEs	All			
238190	18	141			
238210	92	1909			
238220	61	2759			
238290	27	231			
238310	56	356			
238320	109	1138			
238330	35	587			
238340	22	225			
238350	78	1063			
268390	26	278			
238910	136	467			
238990	117	1031			
Subtotals ...	1683	13931			

Industry: Nonmetallic Mineral Product Manufacturing					
327320	6	86			
Subtotals ...	6	86			

Industry: Fabricated Metal Product Manufacturing					
332322	10	119			
332323	11	62			
339950	8	166			
Subtotals ...	29	347			

Industry: Merchant Wholesalers, Durable Goods					
423310	7	140			
423610	49	420			
423730	11	46			
424720	15	154			
Subtotals ...	82	760			

Industry: Truck Transportation					
484110	54	3246			
Subtotals ...	54	3246			

Industry: Professional, Scientific and Technical Services					
541330	220	1334			
541370	54	120			
541380	37	191			
541690	117	610			
Subtotals ...	428	2255			

NAICS CODE	Number of Available Businesses		Anticipated Contracted Amount	Weight	Weighted DBE Availability
	DBEs	All			
Subtotals ...	428	2255	\$ 22,592,020	3.00%	0.6%
Industry: Administrative and Support Services					
561730	114	3213			
561990	44	361			
Subtotals ...	158	3574	\$ 9,413,342	1.25%	0.1%
TOTAL ...	2440	24,199	\$ 753,067,347	100%	11.2%

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 to arrive at the overall goal. Table 7 details DBE utilization, measured by actual awards to DBE on contracts awarded from 2017 to 2021. The data used to determine the adjustment to the base figure was the median of historical DBE participation which ranged from 19.6% to 33.4% (see Table 7 below).

Table 7: Dollar Value of Past DBE Participation

FY	Final Contract Value (\$)	DBE Participation (\$)	DBE Participation (%)
2017	60,000,000	16,678,329	27.8
2018	65,000,000	17,818,515	27.4
2019	75,717,636	20,834,556	27.5
2020	165,142,746	55,180,422	33.4
2021	56,346,670	11,055,193	19.6
Median DBE Participation within the past five years			27.5%

The median past participation for these years is 27.5%. The difference between the Step One weighted base figure (11.2%) and median past DBE participation (27.6%) 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 19.4%. 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 commitments on contracts completed from 2017 to 2021. The median race and gender-neutral DBE utilization achieved by City was 27.5%. **Table 8** also demonstrates past utilization as reported as achievements on the City’s Uniform Report. The overall median past utilization is 0.7% for the same time period of 2017 – 2021.

Table 8: Dollar Value of Past Race-Neutral Participation

YEAR	Total Final Contract Value \$	Race Neutral DBE Achievement \$/%		Overall DBE Achievement \$/%	
2017	60,000,000	1,680,000	2.8%	16,678,329	27.8%
2018	65,000,000	427,644	0.7%	17,818,515	27.4%
2019	75,717,636	520,864	0.7%	20,834,556	27.5%
2020	165,142,746	-	0.0%	55,180,422	33.4%
2021	56,346,670	-	0.0%	11,055,193	19.6%

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 facilitate 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 19.4%. It will obtain 0.7% from race-neutral participation and 18.7% 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

The City of Chicago hereby announces its proposed Disadvantaged Business Enterprise (DBE) participation goal of 19.4% for O'Hare International 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 the notice.