



City of Chicago

Federal Aviation Administration

DBE METHODOLOGY AND GOAL

MIDWAY AIRPORT

FISCAL YEARS 2020-2022

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

II. PROPOSED OVERALL GOAL FOR FFY 2020-2022

The City will use an overall DBE goal for the three Federal Fiscal Year (FFY) period 2020-2022 (October 1, 2019 to September 30, 2022) of 29.3%, to be accomplished through 27.57% race-conscious and 1.73% 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
2020	\$12,000,000
2021	\$45,500,000
2022	\$25,200,000

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.

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 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 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)

NAICS CODE	TITLE
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 four (4) 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 four (4) 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 2020 – 2022

Projects	FAA Funds
1) Terminal Ramp Improvements	\$ 12,000,000
2) Runway 13C/31C Pavement Rehabilitation	\$ 34,500,000
3) Taxiway Y Pavement Rehabilitation – Intersection of Runway 113L to Approach Threshold of Runway 4R	\$ 11,000,000
4) Runway 4R/22L and Taxiway P Pavement Rehabilitation	\$ 25,200,000
	\$82,700,000

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 Ramp Improvements 2) Runway 13C/31C Pavement Rehabilitation 3) Taxiway Y Pavement Rehabilitation Intersection of Runway 13L to Approach Threshold of Runway R 4) Runway 4R/22L and Taxiway P Pavement Rehabilitation	237310	Highway, street and Bridge Construction
	237110	Water and Sewer Line and Related Structures 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
	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	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 four (4) 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 (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**).

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

$$\text{Relative Base Figure of } \mathbf{15.47\%} = \frac{\mathbf{1,537 \text{ DBEs}}}{\mathbf{9,938 \text{ Total Businesses}}}$$

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%	0.45%	0.74%
237310	283	103	2.27%	-1.45%	0.83%
237990	82	68	0.66%	-0.11%	0.55%
238110	155	249	1.25%	0.76%	2.00%
238120	25	31	0.20%	0.05%	0.25%
238210	91	1303	0.73%	9.74%	10.47%
238910	113	294	0.91%	1.45%	2.36%
238990	100	750	0.80%	5.22%	6.03%
327320	5	24	0.04%	0.15%	0.19%
332323	11	15	0.09%	0.03%	0.12%

NAICS CODE	Number of Available Businesses		Percentage of Available Businesses		
	DBEs	All	DBEs	Non-DBE's	All
423610	44	206	0.35%	1.30%	1.66%
424720	13	22	0.10%	0.07%	0.18%
484110	47	2551	0.38%	20.12%	20.49%
541330	208	815	1.67%	4.88%	6.55%
541370	51	73	0.41%	0.18%	0.59%
541690	117	530	0.94%	3.32%	4.26%
561730	104	2596	0.84%	20.02%	20.86%
561990	52	216	0.42%	1.32%	1.74%
TOTAL	1,537	9,938	15.47%	84.53%	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 28.5%.

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

Table 6: Weighted Base Figure

NAICS CODE	Number of Available Businesses		Anticipated Contracted Amount	Weight	Weighted DBE Availability
	DBEs	All			
Industry: Construction					
237110	36	92			
237310	283	103			

NAICS CODE	Number of Available Businesses		Anticipated Contracted Amount	Weight	Weighted DBE Availability
	DBEs	All			
237990	82	68			
238110	155	249			
238120	25	31			
238210	91	1303			
238910	113	294			
238990	100	750			
Subtotals ...	885	2,890			
Industry: Nonmetallic Mineral Product Manufacturing					
327320	5	24			
Subtotals ...	5	24			
Industry: Fabricated Metal Product Manufacturing					
332323	11	15			
Subtotals ...	11	15			
Industry: Merchant Wholesalers, Durable Goods					
423610	44	206			
424720	13	22			
Subtotals ...	74	352	\$ 4,962,000	6%	1.50%
Industry: Truck Transportation					
484110	47	2551			
Subtotals ...	47	2551			
Industry: Professional, Scientific and Technical Services					
541330	208	815			
541370	51	73			
541690	117	530			
Subtotals ...	376	1418	\$ 9,924,000	12%	3.18%
Industry: Administrative and Support Services					
561730	104	2596			
561990	52	216			
Subtotals ...	156	2812	\$ 1,654,000	2%	0.11%
TOTAL ...	1,537	9,938	\$ 82,700,000	100%	28.5%

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 39.2% (see **Table 7** below).

Table 7: Dollar Value of Past DBE Participation

FY	Contract Awards (\$)	DBE Awards (Dollar Value)	DBE Participation (%)
2015	33,506,752	8,890,590	26.5
2016	31,347,499	12,274,273	39.2
2017	5,831,250	1,836,007	31.5
2018	3,518,597	1,063,320	30.2
2019	0	0	0.0
Median DBE Participation within the past five years			30.2%

The median past participation for these years is 30.2%. The difference between the Step One weighted base figure (28.5%) and median past DBE participation (30.2%) 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 29.3%. 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 2015 to 2019. The median race and gender-neutral DBE utilization achieved by City was 1.73%. **Table 8** also demonstrates past utilization as reported as achievements on the City’s Uniform Report. The overall median past utilization is 30.2% for the same time period of 2015 – 2019.

Table 8: Dollar Value of Past Race-Neutral Participation

YEAR	Total Contract Award \$	Race Neutral DBE Achievement \$		Overall DBE Achievement \$	
2015	33,506,752	2,166,114	6.46%	8,890,590	26.5%
2016	31,347,499	1,963,884	6.26%	12,274,273	39.2%
2017	5,831,250	100,980	1.73%	1,836,007	31.5%
2018	3,518,597	44,659	1.27%	1,063,320	30.2%
2019	0	0	0.00%	0	0.0%

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 29.3%. It will obtain 1.73% from race-neutral participation and 27.57% 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

On May 19, 2020, the Department of Procurement Services (DPS) notified the public via a DPS news alert that the City's Disadvantaged Business Enterprises (DBE) overall goals and methodology for Fiscal Years 2020, 2021, and 2022 for Federal Aviation Administration (FAA) funded projects (Midway and O'Hare) were available for public review and comment at the following link:

[City of Chicago DBE Program Document.](#)

The public comment period was open for thirty (30) days. Interested parties were directed to send their comments to Jacquelyn Charleston. As of today's date, no comments were received by DPS.

A DPS alert was announcing the posting of the revised DBE Program and overall goals and methodology. DPS also discussed the revised DBE Program and overall goals and methodology with stakeholders and partners at the June 4, 2020 GPC meeting. Participants at the GPC meeting included representatives from assist agencies that represent the minority, women's and general contractor groups, and other government entities such as the Illinois Tollway, IDOT, Cook County, and the City's Sister Agencies.