

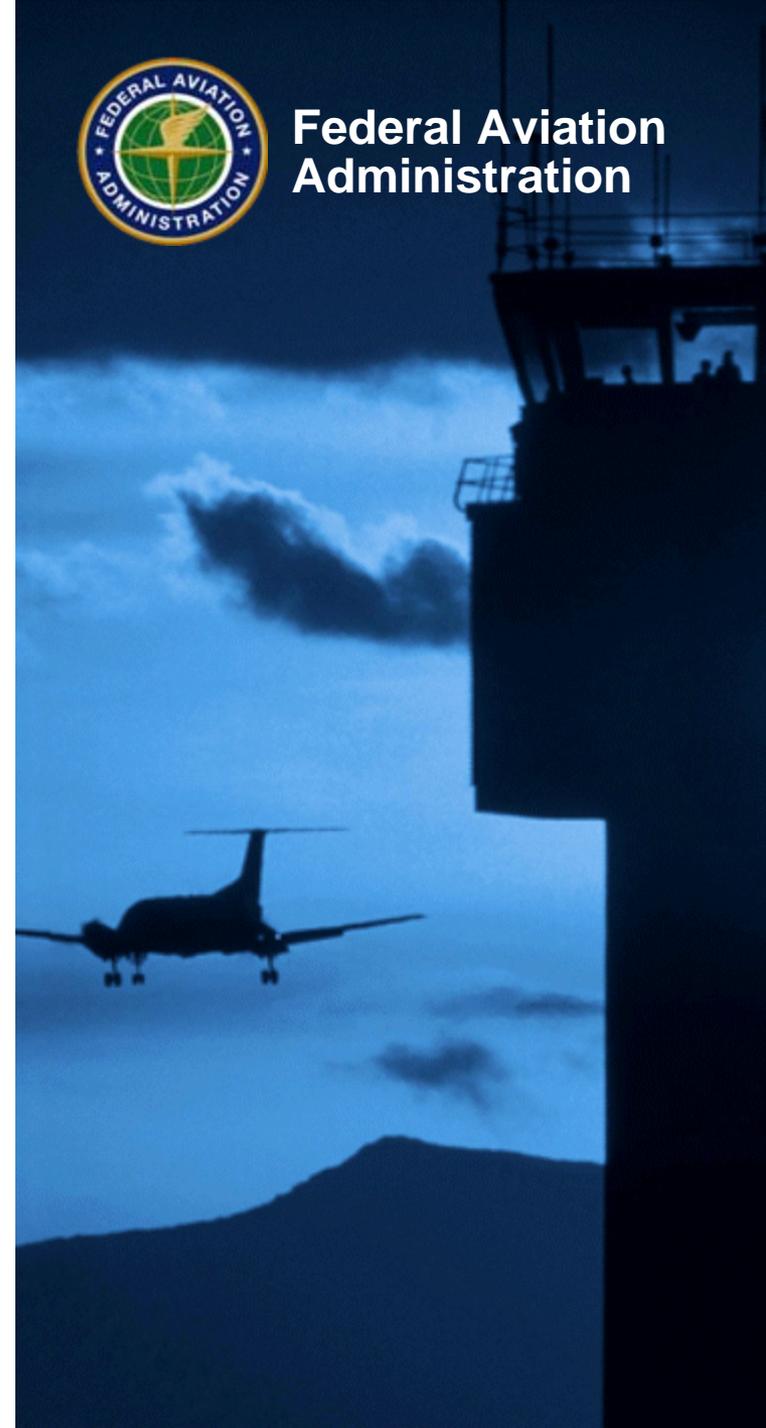
49 CFR Parts 26 & 23 Goal-Setting

**2011 National Airport Civil Rights
Training Conference**

FAA Office of Civil Rights
"We are who we serve"



**Federal Aviation
Administration**



Overview of the DBE Contracting Goal-Setting Process Under 49 CFR Part 26



WHEN ARE GOALS DUE?

- **Due August 1, 2010 (FY 11-13)**



- Large Hub Primary airports in any region
- Medium Hub Primary airports in any region
- Non-Primary Airports in Great Lakes, Eastern and Alaskan regions

WHEN ARE GOALS DUE?

- **Due August 1, 2011 (FY 12-14)**

- Small Hub Primary airports in any region
- Non-Primary airports in Southern, New England and Northwest Mountain regions

WHEN ARE GOALS DUE?

- **Due August 1, 2012 (FY 13-15)**
 - Non-Hub Primary in any region
 - Non-Primary airports in Southwest, Western-Pacific and Central regions

WHAT YOU NEED TO KNOW

- Increased scrutiny will be given to the goal submissions
- Sponsors should develop systems to collect and analyze data needed to support goal-setting activities
- Until 3-year goal is due, continue to use FAA-approved goals
- If there are significant changes, you should submit a revised overall goal for approval

ADJUSTMENTS

- Different NAICS Codes
- New and significantly different projects
- Any situation that may significantly alter the goal



When Must You Set a Goal?

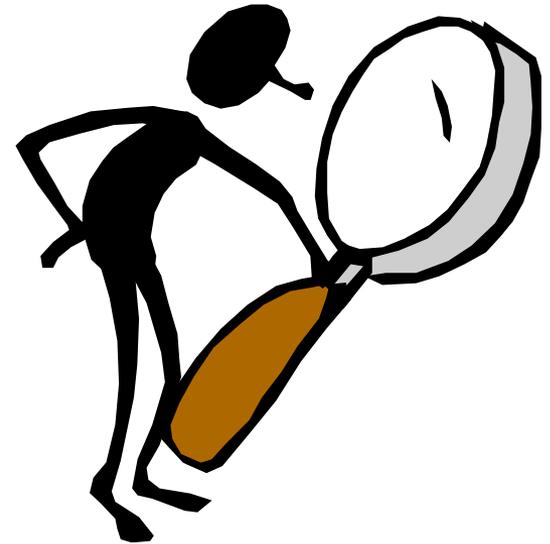
- **When you award \$250,000+ in prime contracts from AIP grants in the FY**
 - **You may count:**
 - **Professional Services**
 - **Land acquisition services (Surveying, title, appraisal, etc)**
 - **Contracts funded by pooling AIP funds from multiple years**
 - **You may NOT count:**
 - **AIP grant for project awarded in prior year that had a goal**
 - **Land purchase**

Tools for Goal Setting

- **49 CFR Part 26**
- **Overall Goal Calculation – Sample Plan**
- **Tips on Goal-Setting**
- **Checklist**

Step 1: Determine Availability

- **Determine DBE availability in Market Area**
 - Market Area
 - Type of work and amount (%)
 - # DBEs
 - # total firms



Step 1: Data Collection

NAICS Code	% of Work	DBEs	All Firms
235930 – Excavation	50%	4	25
234110 – Asphalt Paving	40%	1	25
484220 – Local Trucking	10%	8	50

Step 1: Base Figure Calculation

Basic Calculation

Total DBEs/All Firms

$$13/100 = 13\%$$

Weighted Calculation

$[\%work(DBE/All\ Firms) + \%work(DBE/All\ Firms)] \times 100$

$$[.50(4/25) + .40(1/25) + .1(8/50)] \times 100$$

$$(.08 + .016 + .016) \times 100 = 11.2\%$$

YOU MUST SHOW YOUR WORK!

Step 2: Adjust the Goal

CONSIDER:

- Past participation
- Disparity study
- Information from consultation

Estimating Race-Neutral/ Race-Conscious Breakout

Race Conscious

- Conscious action to get DBEs

Race Neutral

- Measures to increase opportunities for all small businesses, including DBEs

Estimating Race-Neutral/ Race-Conscious Breakout

- **Past participation on similar contracts**
- **Other participation sources (MBE/WBE)**
- **Other airports (similar size & market area)**
- **Information from consultation**
- **Disparity Study**

No past participation data?

Consider:

- **Do you think you will get DBE participation without a contract goal?**
- **How much?**
- **How did you arrive at this number?**
 - Prime contractor has mentor program
 - DBEs are known to primes and competitive
 - Primes have their own network and it does not include DBEs

Consultation

- **You must consult with:**
 - Minority, women’s and general contractor groups
 - Community organizations
 - Other officials or organizations
- **Look for and consider:**
 - Evidence that affects DBE opportunity to compete
 - Effects of discrimination on opportunities
 - Airport’s efforts to level the playing field

Methods for Consultation

- **Informational meetings**
- **Telephone surveys**
- **Mail surveys**
- **Meeting w/ DBEs on past projects**

Document Your Consultation

- **Who you consulted with**
- **A summary of the information provided**
- **What you did with the information**
 - How does it impact Step 2
 - How does it impact RN/RC breakout

Public Notice of Goal

- **Publish a notice announcing**
 - the proposed overall goal & methodology
 - Where available to inspect for 30 days
 - Comments accepted for 45 days
 - Should begin process by June 1st

***DO NOT WAIT FOR FAA APPROVAL OF
GOAL TO PUBLISH NOTICE***

When & How to Update Your Goal

- **When you have new projects with different types of work**
- **Develop a revised overall goal**
- **Re-advertise overall goal**

QUESTIONS??



Overview of the ACDBE Goal Setting Process Under 49 CFR Part 23



Goal-Setting – Part 23

Two Separate Goals

- ***Car Rental Concessions***
 - if gross receipts exceed \$200,000
- ***All other Concessions***
 - if gross receipts exceed \$200,000

Goal Setting – Non-Car Rental

- **Define Market Area**
 - Geographical area where substantial majority of firms that seek concession business opportunities
 - Geographical area where substantial majority of concession-related revenue is located

Goal-Setting – Non-Car Rental

Determine Best Estimate of Concession Revenue

- **Project potential concession revenue three years in the future and take into account past three years**
- **Consider upcoming new opportunities**
 - Sponsors must account for new concession opportunities:
 - when the estimated average annual gross revenue of new concession is \$200K or greater
 - must submit an appropriate adjustment in advance of any new concessions agreement

Goal-Setting – Non-Car Rental

Best Estimate of Concession Revenue

- Does not include car rental receipts
- Does not include management contracts/subcontracts with non-ACDBEs

Example of Best Estimate

- **Average concession receipts over past three years is \$1 million. Airport expects this level of revenue to continue through next three years**
- **Airport estimates that revenues to existing concessions will grow by 5% over the next three years (e.g., inflation + increased passenger traffic)**
- **Airport does not anticipate any major changes that would markedly increase or decrease concession revenues over next three years**
- **Best Estimate would be \$1,050,000**

Goal-Setting - Non-Car Rental

Step 1:

- Numerator: Ready, willing and able ACDBE firms
- Denominator: All ready, willing and able firms except non-ACDBE management firms
- May use the goal of another Sponsor

Goal-Setting - Non-Car Rental

Step 2:

– Consider:

- Past Participation
- Disparity Study
- Differences in Market Area of another Sponsor if used in Step 1
- Available evidence from related fields

Goal-Setting Non-Car Rental

Consultation with Stakeholders

- Minority & Women's groups
- Community organizations
- Concessionaires, etc.

Estimate of Race-Conscious & Race-Neutral Participation

Goal-Setting – Car Rental

- **Best Estimate of Concession Revenue**
 - Does not include receipts of other Concessions

Goal Setting – Car Rental

- **Define Market Area**

- Geographical area where substantial majority of firms that seek to concession business opportunities
- Geographical area where substantial majority of concession-related revenue is located
- Market area may be different for Car Rentals

Goal-Setting - Car Rental

Step 1:

- Numerator: Ready, willing and able ACDBE car rental firms
- Denominator: All ready, willing and able car rental firms
- May use goal of another Sponsor

Goal-Setting - Car Rental

Step 2:

– Consider:

- Past Participation
- Disparity Study
- Differences in Market Area of another Sponsor if used in Step 1
- Available evidence from related fields
- May set goal based on purchases of goods and services
 - Numerator - Estimated dollar value of purchases from ACDBEs
 - Denominator - Estimated dollar value of all purchases

Goal-Setting - Car Rental

Consultation with Stakeholders

- Minority & Women's groups
- Community organizations
- Concessionaires, etc.

Estimate of Race-Conscious & Race-Neutral Participation

Counting

- **You may count:**
 - ACDBE participation that results from a commercially-useful function
 - Work performed by ACDBE firms with their own forces
 - The portion of the gross receipts earned by an ACDBE under a concession agreement or sub-agreement and the total dollar value of an ACDBE management contract or subcontract

Counting

- **You may count:**

- The value of purchases or leases from any ACDBE vendor
- Purchases from ACDBE providers of goods and services
- Fees and commissions charged by an ACDBE to manage a car rental concession.
- Fees and commissions charged by an ACDBE firm

Questions

