

FY 2016
DISADVANTAGED BUSINESS ENTERPRISE PROGRAM
PROJECT GOAL METHODOLOGY
FOR

MONTGOMERY COUNTY AIRPARK

GAITHERSBURG MD

MAY 2016

METHODOLOGY for Establishing the FY 2016 Disadvantaged Business Enterprise (DBE) Contract Goal for:

*Montgomery County Revenue Authority
Montgomery County Airpark
Gaithersburg, MD
May 2016*

I. Detailed Methodology: Specific Steps

A. Amount of Goal

The Montgomery County Revenue Authority, on behalf of the Montgomery County Airpark, proposes to establish a contract goal for a project in FY 2016. The Revenue Authority proposes a taxiway and light rehabilitation project. The proposed goal for the project is **14.3%** of the Federal financial assistance it will expend on this contract.

Given the amount of USDOT-assisted contracts that the Revenue Authority expects to let during this fiscal year, which is approximately **\$2,777,775**, this means that the Revenue Authority has set a goal of expending approximately **\$396,250** with DBEs during this fiscal year.

B. Determination of the Market Area of the study

The normal market area is derived by determining where the substantial majority of contracting dollars for AIP-funded projects were spent, and from where the majority of bidders over a given period of time have come. The market area is shown below in Table 1.

Table 1: Counties in the Local Market Area for Montgomery County Airpark

County	# of bidders	% of bidders	Dollars expended	% of dollars expended
Hanover VA	1	50%	\$1,093,830	100%
Prince George's MD	1	50%	\$0	0%
TOTAL	8	100.0%	\$1,093,830	100.0%

SOURCE: Delta Airport Consultants, Inc.

C. Determination of relevant NAICS codes

Based on information provided by the consulting engineer concerning the proposed projects for this fiscal year, a list of NAICS codes corresponding to these projects was developed and is shown below:

Table 2: Montgomery County Airpark—FY 2016 Projects & Activities

<i>FY 2016 Projects</i>		
<i>PROJECT</i>	<i>ACTIVITY</i>	<i>NAICS CODE</i>
→ Rehabilitate Taxiway “A” Lights and Pavement, Phase 1 (Construction)	Heavy Construction	237310
	Grading/excavation	238910
	Engineering/design	541330

SOURCE: Delta Airport Consultants, Inc.

D. Determination of Relative Availability of DBEs in Market Area, Compared to all Firms

Table 3: DBEs— Montgomery County Airpark, by Relevant NAICS Codes

NAICS Codes	DBE firms	All firms	% of DBE Firms Available	Ratio of estimated total expended	Weighted Total Availability
237310	12	45	27%	0.34	9.0%
238210	67	282	24%	0.51	12.0%
541330	18	166	11%	0.16	1.7%
STEP 1 DBE BASE FIGURE =					22.7%

SOURCES:

1. 2014 County Business Patterns, U.S. Census Bureau, April 21, 2016.
2. Maryland Department of Transportation DBE Directory, May 2016.
3. Virginia Department of Small Business and Supplier Diversity Directory of Certified Disadvantaged Business Enterprises, May 2016.

NOTE: The County Business Patterns data were used as the source to determine the denominator, or the number of all firms in the market area. The DBE directories listed above were used to determine the numerator, or the number of DBE firms in the market area.

E. Determination of the DBE Base Figure

The Step 1 DBE base figure was derived by using a weighting process by which the percentage of dollars spent on various activities (represented by NAICS codes) were multiplied by the percentage of relevant DBE firms to all relevant firms as indicated in Table 3 above.

The Step 1 DBE Base Figure for the FY 2016 project is **22.7%**.

II. Adjustments to the DBE Base Figure

After the DBE Base Figure has been calculated, the regulations (49 CFR Part 26) require that:

“...additional evidence in the sponsor’s jurisdiction be considered to determine what adjustment, if any, is needed to the base figure in order to arrive at your overall goal” (26:45(d)).

A. Adjustment Factors to Consider

The regulations further state that there are several types of evidence that must be considered when adjusting the base figure. These include:

“(i) The current capacity of DBEs to perform work in your USDOT-assisted contracting program, as measured by the volume of work DBEs have performed in recent years.

Table 4: Past DBE participation

Report Period	Established DBE Percentage Goal	Total DBE Percent Achieved	Over-/Under-Achieved
FY 2015	9.0%	9.0%	0.0%

B. Consultations

In accordance with 49 CFR Part 26.45, consultations were held with various agencies to gather

“(ii) Evidence from disparity studies conducted anywhere within your jurisdiction, to the extent it is not already accounted for in your base figure...

(iii) Data on employment, self-employment, education, training and union apprenticeship programs to the extent you can relate it to the opportunities for DBEs to perform in your program” (26:45, d.)

The Maryland Department of Transportation conducted a disparity study for its Minority and Women Owned Business Enterprise (MWBE) program in 2011. The study determined that there is evidence of significant disparities between minority and female participation in business enterprise activity in the State of Maryland’s relevant market area and the actual current availability of those businesses. The study, however, provided no quantifiable data specific to the Airport to use to adjust the DBE base figure and therefore, is not listed in the analysis.

The [Maryland Small Business Development Financing Authority](#) (MSBDFA) exists to assist socially and/or economically disadvantaged businesses in Maryland with their growth and development. The MSBDFA has several programs available for DBEs, including a Contract Financing Program that assists businesses with direct loans or as a guarantor for loans from financial institutions. The MSBDFA also offers a Surety Bond Program for DBEs who need bonding assistance. The Maryland Small Business Development Center – Corridor Region in College Park offers one-on-one business consulting, assistance in 8(a) certification and MBE certification in Maryland, as well as low or no-cost classes and workshops on a number of business-relevant topics.

C. Adjustment to Step 1 DBE Base Figure: Montgomery County Airpark, FY 2016 project

With the adjustment factors considered to this point, the Revenue Authority will adjust the Step 1 base figure by averaging the DBE past participation figure (9.0%) with the DBE base figure (22.7%).

$$22.7\% + 9.0\% = 31.7\% \div 2 = \underline{15.9\%}$$

The base figure is calculated on the AIP portion, and will be adjusted to reflect the goal on the total cost of the project.

Table 5: DBE project goal calculation – Montgomery County Airpark

FISCAL YEAR	ADJUSTED DBE BASE FIGURE	APPROXIMATE AIP PORTION	DBE PORTION	APPROXIMATE TOTAL COST	DBE GOAL
FY 2016	15.9%	\$2,499,998	\$396,250	\$2,777,775	14.3%

The adjusted DBE base figure was multiplied by the approximate federal dollar amount to calculate the amount of dollars projected to be expended with DBEs. The DBE dollar amount was then divided into the projected total cost of the project to determine the DBE project goal.

Resources: Montgomery County Airpark - Disadvantaged Business Enterprise Program Project Goal Methodology (FY 2016)

A. Resource Documents:

1. 2014 County Business Patterns, U.S. Census Bureau, April 2016.
2. Maryland Department of Transportation DBE Directory, May 2016.
3. Virginia Department of Small Business and Supplier Diversity Directory of Certified Disadvantaged Business Enterprises, May 2016.