

RENO-TAHOE AIRPORT AUTHORITY

PROPOSED DBE GOALS

FY 2009

Airport Sponsor: Reno-Tahoe Airport Authority
Reno-Tahoe International Airport

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Goal Period: **From:** October 1, 2008
Thru: September 30, 2009

Overall DBE Goal for FAA-Assisted Projects: 3.8%

Race-Neutral Goal: 3.8%

Race-Conscious Goal: 0.0%

DBE GOAL METHODOLOGY

The overall goal period for the Reno-Tahoe Airport Authority Disadvantaged Business Enterprise program is on an annual basis, beginning on October 1 and ending on September 30. The Overall Goal for Reno-Tahoe International Airport for FY 2009 has been set at 3.8% in compliance with the methodologies described in CFR 49 Part 26. The relevant geographic market for contractors for the Reno-Tahoe Airport Authority projects has been defined as Washoe County because more than 75% of the companies performing projects at the Airport over the last four years are based in the County. FAA funding for AIP projects is anticipated to be approximately \$16.1 million in FY 2009.

Step 1 - Determine a Base Figure representing the Relative Availability of DBEs.

We have elected to use the methodology described in CFR 49 26.45(b)(1) to determine the base figure for the relative availability of DBEs. We have weighted the calculation based on the anticipated projects to be awarded during the fiscal year and the projected utilization of various trades for each project.

Projects planned for award during FY 2009 are as follows:

- Terminal Apron Reconstruction - Phase 11
- Terminal Apron Reconstruction Phases 11-14 (Design)
- Noise Insulation Phase 18
- Airfield Lighting Systems Upgrade

The trade classifications expected to be utilized for these projects are as follows:

Table 1 – AIP Projects/Trade Classifications			
Project	Trade Classification	NAICS	Trade \$
Terminal Apron Reconstruction Phases 11-14 (Design)	Engineering	541330	\$2,136,250
	Surveyor	541370	\$10,000
	In-House Administration	N/A	\$10,000
Total Project			\$2,156,250
Terminal Apron Reconstruction Phase 11	Testing	541380	\$420,469
	Site Preparation	238910	\$4,120,594
	Trucking	484220	\$1,261,406
	Drainage	237990	\$1,261,406
	Highway	237310	\$420,469
	Electrical	238210	\$840,938
	In-House Administration	N/A	\$84,094
Total Project			\$8,409,376

Noise Insulation Phase 18	Architectural	541310	\$750,000
	Mgmt Consulting Services	541611	\$250,000
	Residential Building Construction	236110	\$2,700,000
	HVAC	238220	\$250,000
	Insulation	238310	\$250,000
	Painting	238320	\$500,000
	Asbestos	541620	\$250,000
	In House Administration	N/A	\$50,000
Total Project			\$5,000,000
Airfield Lighting Systems Upgrade	Engineering	541330	\$536,250
Total Project			\$536,250
Total 2008-2009			\$16,101,876

DBE Availability was determined by utilizing the Nevada UCP DBE Directory and Census Bureau Data. Census and Directory information was extracted for each trade in Washoe County.

Table 2 - DBE Availability Percentages				
% OF DBE FIRMS VS. ALL FIRMS				
Trade	NAICS	Census	Directory	%
Residential Building Construction	236110	313	0	0.0%
Highway, Street & Bridge Construction	237310	12	3	25.0%
Drainage	237990	8	0	0.0%
Electrical	238210	134	1	0.7%
HVAC	238220	143	0	0.0%
Insulation	238310	43	0	0.0%
Painting	238320	78	0	0.0%
Site Preparation	238910	74	0	0.0%
Trucking	484220	49	2	4.1%
Architect	541310	55	0	0.0%
Engineer	541330	151	4	2.6%
Surveyor	541370	18	0	0.0%
Testing	541380	17	1	5.9%
Management Consulting	541611	159	1	0.6%
Asbestos	541620	28	0	0.0%

* Note: The % was obtained by dividing the DBE directory # of firms by the census # of firms.

The availability calculations from the above chart have been weighted by the anticipated expenditures for each trade classification as follows:

Table 3 - DBE \$ based on Project Expenditures by Trade Classification X DBE Availability					
Project	Trade Classification	NAICS	Trade \$	DBE %	DBE \$
Terminal Apron Reconstruction Phases 11-14 (Design)	Engineering	541330	\$2,136,250	2.60%	\$55,542
	Surveyor	541370	\$10,000	0.00%	\$0
	In-House Administration	N/A	\$10,000	N/A	\$0
Total Project			\$2,156,250	2.58%	\$55,542
Terminal Apron Reconstruction Phase 11	Testing	541380	\$420,469	5.90%	\$24,808
	Site Preparation	238910	\$4,120,594	0.00%	\$0
	Trucking	484220	\$1,261,406	4.10%	\$51,718
	Drainage	237990	\$1,261,406	0.00%	\$0
	Highway	237310	\$420,469	25.00%	\$105,117
	Electrical	238210	\$840,938	0.70%	\$5,887
	In-House Administration	N/A	\$84,094	N/A	\$0
Total Project			\$8,409,376	2.23%	\$187,529
Noise Insulation Phase 18	Architectural	541310	\$750,000	0.00%	\$0
	Mgmt Consulting Services	541611	\$250,000	0.60%	\$1,500
	Residential Building Construction	236110	\$2,700,000	0.00%	\$0
	HVAC	238220	\$250,000	0.00%	\$0
	Insulation	238310	\$250,000	0.00%	\$0
	Painting	238320	\$500,000	0.00%	\$0
	Asbestos	541620	\$250,000	0.00%	\$0
	In-House Administration	N/A	\$50,000	N/A	\$0
Total Project			\$5,000,000	0.03%	\$1,500
Airfield Lighting Systems Upgrade	Engineering	541330	\$536,250	2.60%	\$13,943
Total Project			\$536,250	2.60%	\$13,943
Total 2008-2009			\$16,101,876	1.61%	\$258,514

Note: The dollars to be spent for each trade (Table 1) have been multiplied by the DBE calculated availability (Table 2). The result of this calculation is the dollar amount which would be awarded to DBE firms if the award was a true reflection of the DBE availability. The total is the dollar amount of DBE participation to be awarded to DBE firms given the availability of DBE firms and dollar amount to be expended on each trade.

The result of the above calculations yields a base goal of 1.6%.

Step 2 - Examine data to determine what adjustment, if any, is needed to the Base Figure.

In order to determine what adjustment, if any, is needed, we have examined each project's subcontracting opportunities and looked at the past history of DBE participation accomplishments. Based on this, we have elected to adjust the base figure as specified below.

1) We have determined that there are adequate subcontracting opportunities for the Terminal Apron Reconstruction - Phase 11, Terminal Apron Reconstruction Phases 11-14 (Design) and Noise Insulation Phase 18 projects because they are large projects and/or involve more than one trade. However, we have determined that the Airfield Lighting Systems Upgrade project does not have viable subcontracting opportunities because the project is small and involves a single trade. The chart below has been recalculated to eliminate DBE participation in this project:

Table 4 – Recalculation of DBE Goal Adjusted for Projects Without Subcontracting Opportunities					
Project	Trade Classification	NAICS	Trade \$	DBE %	DBE \$
Terminal Apron Reconstruction Phases 11-14 (Design)	Engineering	541330	\$2,136,250	2.60%	\$55,542
	Surveyor	541370	\$10,000	0.00%	\$0
	In-House Administration	N/A	\$10,000	N/A	\$0
Total Project			\$2,156,250	2.58%	\$55,542
Terminal Apron Reconstruction Phase 11	Testing	541380	\$420,469	5.90%	\$24,808
	Site Preparation	238910	\$4,120,594	0.00%	\$0
	Trucking	484220	\$1,261,406	4.10%	\$51,718
	Drainage	237990	\$1,261,406	0.00%	\$0
	Highway	237310	\$420,469	25.00%	\$105,117
	Electrical	238210	\$840,938	0.70%	\$5,887
	In-House Administration	N/A	\$84,094	N/A	\$0
Total Project			\$8,409,376	2.23%	\$187,529
Noise Insulation Phase 18	Architectural	541310	\$750,000	0.00%	\$0
	Mgmt Consulting Services	541611	\$250,000	0.60%	\$1,500
	Residential Building Construction	236110	\$2,700,000	0.00%	\$0
	HVAC	238220	\$250,000	0.00%	\$0
	Insulation	238310	\$250,000	0.00%	\$0
	Painting	238320	\$500,000	0.00%	\$0
	Asbestos	541620	\$250,000	0.00%	\$0
	In House Administration	N/A	\$50,000	N/A	\$0
Total Project			\$5,000,000	0.03%	\$1,500
Total 2008-2009			\$15,565,626	1.57%	\$244,572

2) In June 2007, the Nevada Department of Transportation (NDOT) published the findings of their Availability and Disparity Study. The study looked at the availability of minority- and women-owned firms in the transportation construction and engineering industry in the State of Nevada and the disparity in FHWA contracts awarded by NDOT only.

To determine the relative availability of minority- and women-owned firms, a listing of all firms engaged in the Standard Industrial Classification (SIC) codes that were identified as most likely to be involved in NDOT transportation construction and engineering projects was obtained from Dun & Bradstreet. Over 5,500 firms were initially identified.

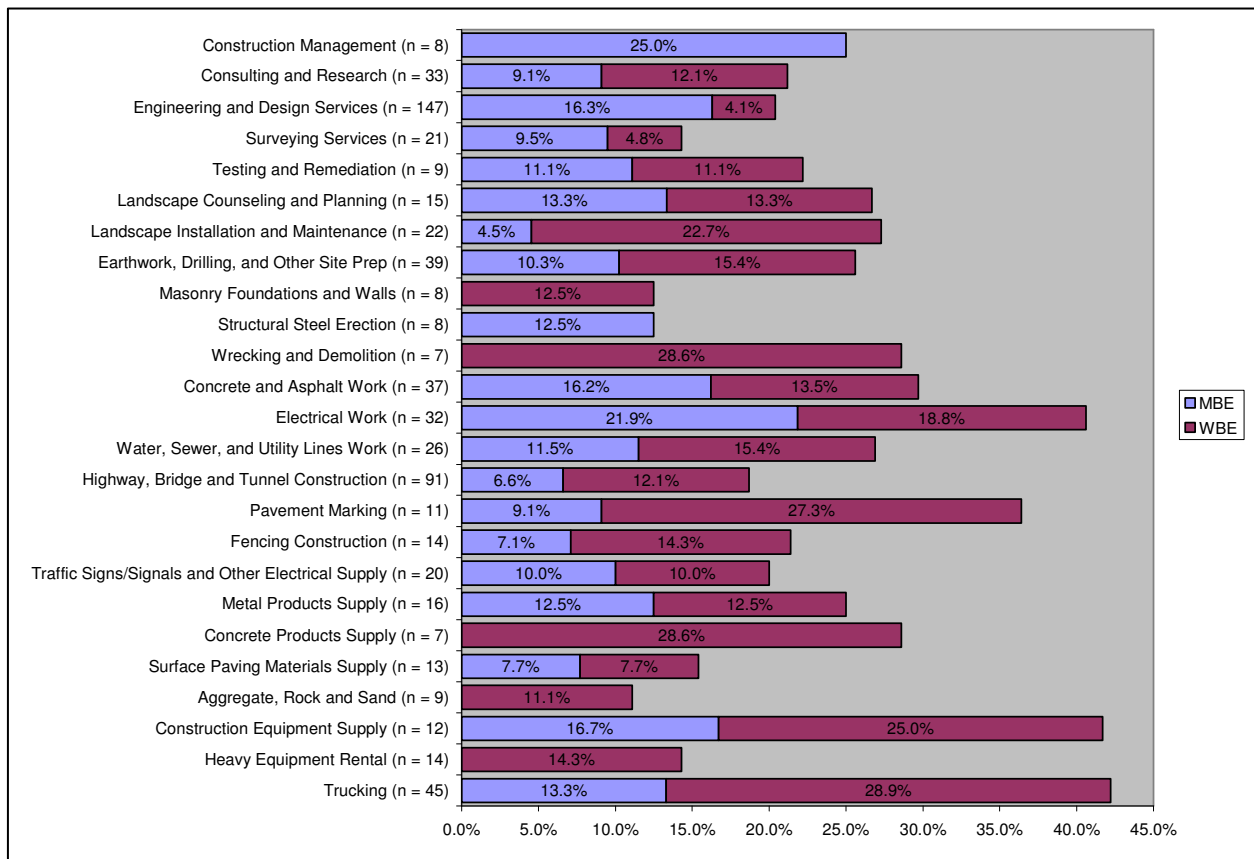
Approximately 1,400 of the firms were eliminated due to duplicate phone numbers, wrong phone numbers, or non-working phone numbers. Of the remaining 4,117 firms, 2,183 (53%) completed telephone surveys. Approximately 1,500 were eliminated for various reasons (e.g. they were not a business, did not perform transportation-related work, etc.), leaving a total of 682 firms identified from the survey as being available to perform transportation construction or engineering projects.

The Study focuses on FHWA- and state-funded contracts and does not include FAA- or FTA-assisted contracts. Each NDOT district was included in the study. The data and analysis includes prime contracts, subcontracts, and suppliers and truckers.

Given the above, we believe that the availability portion of the study is relevant to some of the projects to be undertaken during FY 2008-2009 at Reno-Tahoe Airport, however the disparity portion is not relevant because only NDOT-awarded projects were included.

The following chart is an excerpt from the Nevada Department of Transportation Availability and Disparity Study.

MBE/WBEs as a percentage of transportation construction and engineering industry firms available for NDOT and local government transportation work, by discipline



Source: NDOT Availability and Disparity Study

The trades listed above indicated an overall availability of MBE/WBEs of 24.4%. Weighting the above availability in consideration of the type of work for NDOT projects reduced the availability to 14.6%. Since the 14.6% is an availability for **MBE/WBEs** (as opposed to DBEs), an adjustment was made based on an analysis of the size of firms. Those construction firms with gross receipts over \$10 million and engineering firms with gross receipts in excess of \$5 million were eliminated. The final result was an availability figure of 5.7% and was the recommended base goal for NDOT.

Applicability of NDOT Study

Given the fact that only NDOT contracts were included in the study, we believe that the “Disparity” portion of the study is not applicable to the Reno-Tahoe Airport Authority. However, for many of the trades, the “Availability” portion of the study, as adjusted by the study, can be used.

Revised availability based on utilization of the NDOT study is as follows:

Table 5 - DBE Availability Percentages Census and NDOT					
% OF DBE FIRMS VS. ALL FIRMS					
Trade Description	Applicable NAICS Code	Census # of Firms	Directory # of Firms	*DBE %	NDOT Availability
Residential Building Construction	236110	313	0	0.00%	N/A
Highway, Street & Bridge Construction	237310	12	3	25.00%	4.4%
Drainage	237990	8	0	0.00%	N/A
Electrical	238210	134	1	0.70%	9.5%
HVAC	238220	143	0	0.00%	N/A
Insulation	238310	43	0	0.00%	N/A
Painting	238320	78	0	0.00%	N/A
Site Preparation	238910	74	0	0.00%	6.0%
Trucking	484220	49	2	4.10%	9.9%
Architect	541310	55	0	0.00%	N/A
Engineer	541330	151	4	2.60%	4.8%
Surveyor	541370	18	0	0.00%	3.3%
Testing	541380	17	1	5.90%	5.2%
Management Consulting	541611	159	1	0.60%	N/A
Asbestos	541620	28	0	0.00%	N/A

For those trades included in the NDOT Availability Study, NDOT availability for MBE/WBEs, adjusted for those firms over the size standard, has been substituted for the data obtained through the use of the Nevada Unified Certification Program DBE Directory and Census Bureau Data. As previously noted, the geographic area used for Reno-Tahoe Airport is Washoe County. The geographic region utilized for the NDOT Study was the State of Nevada. It should be noted that the Study indicates that there was very little variance between regions, therefore we found it acceptable to utilize the statewide data in these instances. The result is as follows:

Table 6 - DBE \$ based on Project Expenditures by Trade Classification X Revised DBE Availability					
Project	Trade Classification	NAICS	Trade \$	DBE %	DBE \$
Terminal Apron Reconstruction Phases 11-14 (Design)	Engineering	541330	\$2,002,734	4.80%	\$96,131
	Surveyor	541370	\$9,375	3.30%	\$309
	In-House Administration	N/A	\$9,375	N/A	\$0
Total Project			\$2,021,484	4.77%	\$96,441
Terminal Apron Reconstruction Phase 11	Testing	541380	\$394,190	5.20%	\$20,498
	Site Preparation	238910	\$3,863,057	6.00%	\$231,783
	Trucking	484220	\$1,182,568	9.90%	\$117,074
	Drainage	237990	\$1,182,568	0.00%	\$0
	Highway	237310	\$394,190	4.40%	\$17,344
	Electrical	238210	\$788,379	9.50%	\$74,896
	In-House Administration	N/A	\$78,838	N/A	\$0
Total Project			\$7,883,790	5.85%	\$461,596
Noise Insulation Phase 18	Architectural	541310	\$703,125	0.00%	\$0
	Mgmt Consulting Services	541611	\$234,375	0.60%	\$1,406
	Residential Building Construction	236110	\$2,531,250	0.00%	\$0
	HVAC	238220	\$234,375	0.00%	\$0
	Insulation	238310	\$234,375	0.00%	\$0
	Painting	238320	\$468,750	0.00%	\$0
	Asbestos	541620	\$234,375	0.00%	\$0
	In House Administration	N/A	\$46,875	N/A	\$0
Total Project			\$4,687,500	0.03%	\$1,406
Total 2008-2009			\$14,592,774	3.83%	\$559,443

Note: The dollars to be spent for each trade (Table 1) have been multiplied by the revised DBE availability (Table 5). The result of this calculation is the dollar amount which would be awarded to DBE firms if the dollars awarded were equal to the calculated DBE availability.

The result of the above is a base goal of 3.8%.

3) The median goal accomplishment for the eight-year period between 2000 and 2008 is 8.2%. Because the historic accomplishment is significantly higher than the base goal, we compared the types of projects undertaken in past years to the projected projects for this fiscal year. Consistent with FY 2006 and 2007 which had overall goals of .7% and 0.6% respectively, the FY 2009 projects are concentrated in building and specialty trades with low representation of DBE firms. Highway, Street and Bridge Construction work has produced the highest levels of DBE participation in the past and accounts for the high percentage of participation in FY 2005. In FY 2006, the high percentage participation can be attributed almost entirely to the award of a single professional service contract to a DBE. Given that there are no projects with a significant amount of work in this trade type planned for this year, we have elected not to adjust the goal for past history.

Table 7 - Past History of DBE Participation					
Year	Total Contract \$	Total DBE \$	DBE % Accomplishment	DBE Goal	% +/- Accomplishment vs. Goal
2000	\$23,049,514	\$4,039,279	17.5%	13.2%	32.8%
2001	\$5,945,070	\$615,649	10.4%	8.5%	21.8%
2002	\$2,285,460	\$217,298	9.5%	4.0%	137.7%
2003	\$5,039,646	\$290,698	5.8%	7.0%	-17.6%
2004	\$3,675,079	\$140,227	3.8%	2.9%	31.6%
2005	\$25,424,505	\$1,729,646	6.8%	6.7%	1.5%
2006	\$3,683,480	\$801,191	21.7%	0.7%	3000.0%
2007	\$17,785,158	\$159,776	0.9%	0.6%	66.8%
Total	\$86,887,912	\$7,993,764	9.2%	6.8%	18.6%

Given the above adjustments, we propose the overall goal for FY 2009 at 3.8%.

OTHER RELEVANT INFORMATION

49 CFR Part 26, Section 26.45(d)(2) states as follows:

If available, you must consider evidence from related fields that affect the opportunities for DBEs to form, grow and compete. These include, but are not limited to:

- (i) Statistical disparities in the ability of DBEs to get the financing, bonding and insurance required to participate in your program;
- (ii) 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.

We have attached the section of the NDOT Availability and Disparity Study which deals with marketplace factors which might impact a Step 2 adjustment. Based upon the study, we have determined that further adjustment is not indicated.

Race-Neutral versus Race-Conscious Goal

In light of the Ninth Circuit Court of Appeals decision regarding *Western States Paving v. Washington State Department of Transportation*, the Reno-Tahoe Airport Authority proposes to set an all race neutral goal. We do not have sufficient evidence of discrimination or its effects to support a race-conscious goal at this time.

NDOT completed its Availability and Disparity Study on June 15, 2007, however not all of the information is applicable to Reno-Tahoe Airport Authority projects since NDOT projects contain a higher mix of Highway, Street and Bridge construction. Based on the study, it was determined that NDOT's goal for FY 2008 would be set at 5.7%. The goal was set as a race neutral because NDOT's participation of over 14% for the previous fiscal year significantly exceeded the calculated disparity.

McCarran International Airport is also in the process of conducting an Availability and Disparity Study. It is anticipated that the study will be completed during FY 2008. Once completed, we will review the study to determine the relevance to our market and projects.

It is our intent to use a combination of the studies, supplemented by a study of the disparity for Reno-Tahoe Airport Authority projects, to provide adequate information to set goals in the future. Until that time, we will continue to utilize only race-neutral goals in our DBE program.

Race-neutral methods to be utilized to achieve our goals will include the following:

- a) Provide information on the Reno-Tahoe Airport Authority organization, functions and its full range of contractual needs.
- b) Offer instructions and clarification on bid specifications, procurement policy, procedures, and general bidding requirements.
- c) Maintain a file of successful bid documents from past procurements and permit potential participants to review and evaluate such documents.
- d) Conduct debriefing sessions on each awarded contract to explain why certain bids were unsuccessful.
- e) Routinely issue projected procurement information.
- f) Provide instructions and clarification on job performance requirements.
- g) Provide information and assistance on certification procedures, sub-contracting practices, bonding requirements.
- h) Arrange solicitations, time for presentation of bids, quantities, specifications and delivery schedules so as to facilitate the participation of DBEs.

A published notice announcing our proposed overall goal, informing the public that the proposed goal and its rationale are available for inspection during normal business hours at the our principal office for 30 days following the date of the notice, and informing the public that we will accept comments on the goals for 45 days from the date of the notice will be published in the following publications:

Reno Gazette-Journal

Notices will also be sent to the following organizations:

- Hispanic Chamber of Commerce, Northern Nevada
- American Indian Chamber of Commerce
- Reno-Sparks Chamber of Commerce
- Associated General Contractors-Northern Nevada

Copies of the ad, notice and responses will be forwarded to the FAA Regional Civil Rights Office.