



**NEW ORLEANS AVIATION BOARD (NOAB)
DISADVANTAGED BUSINESS ENTERPRISE (DBE) PROGRAM
Goal Setting Methodology and Calculations**

**Federal Fiscal Year 2009
(October 1, 2008 to September 30, 2009)**

Goal Overview

The New Orleans Aviation Board proposes an overall Disadvantaged Business Enterprise (DBE) Goal applicable to contracting opportunities that are budgeted to receive federal financial assistance from the U.S. Department of Transportation. The goal was developed in compliance with Federal Regulations set forth by 49 CFR Part 26. **The proposed overall goal for FAA-assisted contracts scheduled for FY 2009 is 36.05%.**

The total dollar amount of FAA-assisted contracts that the NOAB expects to award is \$25,826,000. However, \$24,626,000 will be available for subcontracting opportunities for DBE and non-DBE contractors. **Based on a DBE goal of 36.05%, it is estimated that the NOAB will spend approximately \$9,000,000 with DBE-certified firms during FY 2009 for FAA-assisted capital improvement contracting opportunities.**

Local Market Area

Upon becoming a Certifying Agency in Louisiana's Unified Certification Program, all federal DBE goals were set based on the state's UCP registry as the overall source of DBE participation for federally funded projects. However, the airport's primary market is the metropolitan New Orleans area, including the parishes of Orleans, Jefferson, St. Tammany, Plaquemines, St. John, Tangipahoa and St. Bernard. Approximately 90% of the airport's vendors are located in the local area, with over 80% of contract dollars being spent in the New Orleans region.

Contracting Opportunities

During the fiscal year of 2008-2009, the airport's schedule of Capital Improvements are relatively small in number (only four projects), but sizeable in dollars (over \$25 million). The airport has moved forward and away from hurricane repair projects completed over the last several years and once more begun to focus its attention to typical airport capital improvement projects, such as building fire and safety facilities, residential sound projects and runway/taxiway construction.

Table 1: Contracting Opportunities

Project Budgets (\$)	Total Budget
Aircraft Rescue & Fire Fighting Facility (ARFF)	\$10,242,000
Fire Fighting Truck(s)*	\$1,150,000
Residential Sound Insulation	\$1,000,000
North Perimeter Road/Runway 6-24 Conversion	\$13,434,000
Total Projects (\$)	\$25,826,000

*Not included in DBE calculation.

North American Industry Classification System (NAICS) Code

In order to obtain an accurate count of ready, willing and able DBEs, each project was examined and its “scope of services” was detailed for the purpose of defining the type of work and skill-sets necessary to complete the scheduled work. Each work type was assigned a six digit North American Industry Classification System (NAICS) Code. NAICS was developed jointly by the U.S., Canada, and Mexico to provide new comparability in statistics about business activity across North America. After establishing NAICS codes, contracting dollars were estimated for each work type on a project basis.

Table 2: ARFF - Work Categories and Contracting Dollars

NAICS	Work Categories	Totals	Est. Work %
238310	Residential Sound Insulation	\$1,000,000	4%
236210	Industrial Building Construction (ARFF)	\$10,242,000	42%
236210	Road/Runway Construction (North Perimeter)	\$13,434,000	54%
	Total Prime Contracting Opportunities	\$24,676,000	100%
	Subcontract Opportunities:		
238910	Site Preparation		11%
238140	Masonry Contractors		9%
327320	Ready-Mixed Concrete Contractors		10%
238210	Electrical Contractors		4%
238310	Home Improvement/Insulation Contractors		4%
238350	Building Finishing Contractors		5%
541310	Professional, Design and Architectural		7%
	Total Subcontracting Opportunities	\$12,338,000	50%

Ready, Willing and Able Contracting Pool

The LAUCP is the basis of the airport’s DBE-certified contracting pool. The Louisiana Department of Transportation and Development (LADOTD) and the New Orleans Metropolitan Certifying Agency (NOMCA) – including the Louis Armstrong New Orleans International Airport have been identified as agencies authorized to provide certification services in the State of Louisiana. The estimated number of certified DBE businesses is 723 – including Construction companies, Professional and Technical service providers, Airport Concessionaires, and Goods & Service suppliers. For the purposes of this analysis, only DBEs’ certified in Region 2 by the New Orleans Metropolitan Certifying Agency, which includes the Louis Armstrong New Orleans

International Airport, the New Orleans Regional Transit Authority and the Orleans Levee District will be considered as the vendor target market.

The list of certified-DBE contractors is compared to a more global list of businesses, segregated by NAICS Code. In previous DBE Goal calculations, the U.S. Census Bureau’s County Business Pattern (USCBP) database was used to determine the general market population of ready, willing businesses. However, due to the displacement of many DBE and non-DBE businesses in the local market, local New Orleans directories, such as the City Business Book of Lists and the New Orleans Yellow Pages, are used to determine a more accurate availability of businesses operating in the metropolitan New Orleans region post-Katrina.

Table 3: Base Figure Calculation

NAICS	Work Categories	Est. Work %	Region 2 LA UCP	Local Directory*	Base Goal %
236210	Industrial Building Contractors	15%	3	30	1.50%
237310	Highway/Bridge Construction	35%	15	30	17.50%
238910	Site Preparation/Excavation	11%	3	32	1.03%
238140	Masonry Contractors	9%	0	49	0%
238210	Electrical Contractors	4%	1	750	0%
327320	Concrete Ready-Mixed Contractors	10%	1	41	0.24%
238310	Home Improvement/Insulation Contractors	4%	5	69	0.29%
238350	Building Finishing Contractors	5%	3	120	0.13%
541310	Engineering and Architectural Firms	7%	7	62	0.79%
	Total Contracting Opportunities	100%			21.48%

*Sources: New Orleans City Business Book of Lists and the New Orleans Yellow Pages.

The Base Figure calculation weighs the relative availability of DBE contractors to the relative amount of contracting opportunities available for the total pool of contractors in the metro New Orleans area. Based on raw data, DBE-certified businesses represent approximately 21% of the total available businesses in the metro New Orleans area.

Base Figure Adjustments

After calculating the Base Figure of 21.48%, it was determined that this rate of participation is inconsistent with historical data and that adjustments to the Base Figure are warranted. To ensure that the goals for the NOAB truly reflect the participation expected absent to effects of discrimination, this methodology goes beyond the raw formula derived by comparing databases; the methodology factors other subjective considerations into the formula to better estimate local market conditions.

The following data was considered in determining an adjustment to the Base Figure: 1) past DBE participation, 2) disparity studies and 3) bidders list – including adjustments to the local directory data.

For the purpose of this analysis, adjustments were made based on a combination of historical DBE participation and contract bidding history.

Table 4: Past DBE Participation

Fiscal Years	Goal %	Accompl.%	Race Neutral
Fiscal Year 2003 – 2004	32.88%	55.86%	22.98%
Fiscal Year 2004 – 2005	33.48%	50.52%	17.04%
Fiscal Year 2005 – 2006	33.50%	34.90%	1.40%
Fiscal Year 2006 – 2007	34.53%	45.10%	10.57%
Fiscal Year 2007 – 2008	26.16%	66.74%	40.58%

Over the past five (5) completed fiscal years, the average DBE participation of 50.62% exceeded the average DBE goal of 32.11% by nearly 19%. The DBE goal variance represents the race-neutral goal accomplishments where prime contractors exceeded the stated DBE goal and/or where DBE contractors were awarded contracts as primes.

Table 5: Relevant Past Bidding History

Contracting Opportunity	Contract Status	Bid Value (\$)	Bid or Completion Date	DBE Goal %	DBE Accompl. %
Runway 10-28 Construction	Completed	\$64,000,000	October 2005	35%	44%
Air Rescue and Fire Facility	Bid	\$12,685,000	May 2007	33%	15%
Residential Sound Insulation, Phase 17	Bid	\$265,000	March 2005	35%	100%

Historically, projects similar to those scheduled for FY 2009 have required DBE contract goals averaging 33% to 35%. The large runway project was enormously successful with 9% race-neutral participation; while Residential Sound Insulation projects have been primed-contracted primarily by DBEs over the past several years. On the other hand, airport’s latest attempt to contract the construction of the new ARFF station resulted in a less than desired results – only one (1) contractor submitted a bid with a proposed DBE participation of 15% - 18% less than requested.

Other Adjustment Factors Considered

Disparity Studies

The airport has inquired about the availability of disparity study data in the New Orleans area as well as the state of Louisiana from other like-funded agencies, such as the Louisiana Department of Transportation as well as other local and regional airports. There are no studies currently available and none conducted within the last seven (7) years. The airport had previously conducted an informal DBE utilization assessment during the 1990’s in preparation for implementing its DBE program. However, that study is deemed to be dated and not useful for this analysis. The airport is currently in the process of studying its options relative to a disparity study which may lead to the

drafting of a Request for Proposal to seek qualified disparity researchers. As of this writing, a final determination has not been made.

Use of Race Neutral Means

Historically, the NOAB achieved DBE participation through the use of race neutral and race conscious means – contract goals. Establishing contract goals will continue to be used to meet any portion of the overall goal the NOAB does not project being able to meet using race neutral means. Contract goals will be established only on those DOT-assisted contracts that have subcontracting opportunities. Contract goals need not be established on every such contract, 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). The NOAB will endeavor to create a contracting environment that facilitates the maximization of the DBE goal through race neutral means. The following race neutral measures will be taken to increase DBE participation:

1. Encourage prime contractors to subcontract portions of their work that they would normally perform in-house.
2. Continue to provide technical assistance to DBE firms; including assisting with bonding, back-office, financial and marketing services.
3. Continue to provide education and training programs to encourage an expansion of services, which are offered to DBEs and small businesses.
4. Ensure that the DBE website is updated with available opportunities for DBE-owned and other small business firms in the community.
5. Continue to conduct pre-bid seminars for DBE and small business firms on contracts that have a high degree of specialized technology.
6. Utilize emerging technology to include the DBE directory in the DBE office's web site.
7. Continue to allow DBEs and small businesses to use the contract value as collateral to finance contract bonds.

In order to ensure that the DBE program is narrowly tailored to overcome the effects of discrimination, the airport will track and report race neutral and race conscious DBE participation. For reporting purposes, race neutral DBE participation includes, but is not limited to, the following: DBE participation through a prime contract, where DBE participation is obtained through customary competitive procurement procedures; DBE participation on a prime contract exceeding a stated 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.

Public Participation and Consultation

The involvement of interested community and business stakeholders is the ultimate measure to gauge the fairness and effectiveness of DBE participation goals. LANOIA is currently and will continue to consult with, but not limited to, the following stakeholders: Louisiana Minority Business Council, Hispanic Chambers of Commerce, the New Orleans Chamber, minority and women's business groups, community organizations, trade associations, as well as currently certified disadvantaged businesses, and other officials or organizations which could be expected to have information concerning the availability of disadvantaged businesses, the effects of discrimination on opportunities for DBEs, and LANOIA's efforts to increase participation of DBEs. At the time of this submittal, no information from minority stakeholders had been received based upon recent contact. If or when such information becomes available, we will provide an addendum to this report and re-submit to the FAA for further review.

A notice of the proposed overall goal will be available to the public for 30 days following the date of the notice and comments regarding these documents will be accepted for 45 days after the date the notice is published. The public notice will indicate the location(s) where the proposal can be reviewed and where comments can be transmitted. The notice will be published in the following publications:

1. The Louisiana Weekly
2. The Times Picayune
3. Data News Weekly
4. LANOIA Website: www.flymsy.com

Establishment of the FY 2009 DBE Goal

Over the past five (5) years, the average DBE Goal has been 32.11%. The average DBE participation accomplishment has been 50.62%, resulting in a Race Neutral achievement of nearly 19%. On the other hand, the median DBE Goal is 33.50% and the median participation is 34.90%.

The base DBE goal calculated for FY 2009 projects is 21.48%. When we compare that goal to the median DBE participation of 34.90%, the adjusted DBE goal for FY 2009 is determined to be 26.19%. When compared to the average DBE participation of 50.62%, the adjusted DBE goal would be 36.05%*. Given the airport's history strong DBE participation, use of the average DBE participation appears to be the more accurate approach to calculating the goal. **Therefore the airport's adjusted DBE goal should be 36.05%. The base DBE goal of 21.48% should be its Race-Conscious target, while 14.57% of DBE contracting opportunities should be generated through Race-Neutral means.**

*Base Goal Adjustment Calculation
(5 Year DBE Participation Average + FY 2009 Base Goal)/2 = Adjusted DBE Goal