



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: John Aitken

SUBJECT: SEE BELOW

DATE: May 20, 2022

Approved

Date

6/9/2022

**SUBJECT: AIRPORT DISADVANTAGED BUSINESS ENTERPRISE PROGRAM
FOR GRANT FUNDED AIRPORT DEVELOPMENT PROJECTS FOR
FEDERAL FISCAL YEARS 2023-2025**

RECOMMENDATION

Adopt a resolution:

- 1) Approving a proposed overall Disadvantaged Business Enterprise (DBE) participation race-neutral goal of 5.0 percent for Federal Aviation Administration (FAA) Airport Improvement Program grant funded airport development projects at the Norman Y. Mineta San José International Airport (Airport) for Federal Fiscal Years 2023-2025;
- 2) Authorizing the City Manager or her designee to submit the three-year DBE participation plan to the FAA, which is due by August 1, 2022;
- 3) Authorizing the City Manager or her designee to make revisions as requested by the FAA.

OUTCOME

Approval of the DBE participation plan and acceptance by the FAA will result in the City of San José (City) being compliant with DBE program requirements, allowing the City to remain an eligible recipient of FAA financial assistance for the estimated \$34,071,155 in Airport development projects for this plan period.

BACKGROUND

The United States Department of Transportation's (U.S. DOT) DBE program provides a vehicle for increasing the participation of disadvantaged business enterprises in federally funded procurement projects. U.S. DOT DBE regulations require state and local transportation agencies that receive U.S. DOT financial assistance to establish goals for the participation of DBEs. Each U.S. DOT-assisted state and local transportation agency is required to establish annual DBE

goals and review the scopes of anticipated contracts throughout the year for compliance of their DBE program. The main objectives of the DBE Program are:

- To ensure nondiscrimination in the award and administration of U.S. DOT-assisted contracts.
- To ensure that small, disadvantaged business enterprises can compete fairly for federally funded transportation related projects.
- To ensure that the DBE program is narrowly tailored in accordance with applicable law.
- To ensure that only eligible firms participate as DBEs.
- To help remove barriers to the participation of DBEs in U.S. DOT-assisted contracts.

ANALYSIS

Under FAA regulations, the City is required to submit an updated DBE participation plan goal every three years that incorporates anticipated new opportunities, potential DBE participants, and new percentage goal for DBE participation. A copy of the draft DBE participation plan goal to be submitted to the FAA is attached to this memorandum. This plan goal will apply toward Federal Fiscal Years (FFY) 2023-2025 (October 1, 2022 through September 30, 2025).

The Airport is planning for an estimated total of \$34,071,155 in U.S. DOT-assisted contracts between FFYs 2023-25. The chart below provides a listing of the anticipated U.S. DOT-assisted contracts with amounts.

PROJECT NAME/DESCRIPTION¹	EST. TOTAL PROJECT COST ²	EST. FAA \$ SHARE³	EST. FAA % SHARE⁴
General Aviation Run-Up Pad Relocation - REBID - this project will improve airfield safety by eliminating a designated airfield incursion hotspot. The project addresses the current hotspot at the intersection of Taxiway D and Taxiway W by relocating the existing run-up pad to the apron area between Taxiway B and Taxiway C on the southwestern end of the Airport. The scope of work includes removal of existing pavement and tie-downs, unclassified excavation, lime-treated subgrade stabilization, crushed aggregate base course, bituminous surface course, drainage improvements, striping, lighting, directional	\$1,209,566	\$967,653	80.00%

¹ The name and brief description of each project.

² The total estimated cost of each project.

³ The estimated FAA dollar share for each project.

⁴ The estimated FAA percentage share for each project.

signage, and removal of existing run-up.			
New Taxiway Victor Phase 1 includes approximately 1,100 linear feet New Taxiway V pavement and a taxiway connector stub approximately 457 LF, and includes installation of drainage improvements, grading improvements, and installation of new airfield lighting and signage.	\$9,835,444	\$7,868,355	80.00%
Terminal B South Ramp - phase 4 removal and replacement of approx. 100,000 square feet of existing apron south of Terminal B (gate positions 37 and 38) and replace with new aircraft rated portland cement concrete (PCC) pavement	\$6,595,351	\$5,276,281	80.00%
Terminal B South Ramp - phase 5 removal and replacement of approx. 76,000 square feet of existing apron south of Terminal B (gate positions 39 and 40)	\$6,595,351	\$5,276,281	80.00%
New Taxiway Victor Phase 2 and 3: Phase 2 will consist of the demolition of existing airfield pavement between existing Taxiway V and Taxiway W, demolition of portions of existing Taxiway W1, and the construction of up to 325,600 square feet of new PCC pavement. Other improvements include site grading, drainage improvements, airfield electrical improvements (signage and lighting), existing utility protection, and FAA Navigational Aids and infrastructure protection.	\$9,835,444	\$7,868,355	80.00%
Total	\$34,071,155	\$27,256,924	80.00%

The Airport contracted with consultants, GCAP Services Inc., to determine an overall DBE participation goal for the Airport for FFY 2023-2025. In determining this overall DBE participation goal, the consultants closely followed the U.S. DOT DBE program regulations set forth in 49 Code of Federal Regulations Part 26 (49 CFR 26) including a two-step goal-setting methodology identified in 49 CFR Section 26.45.

To determine the overall DBE participation goal, the consultants were required to:

- Examine the types of projects that the Airport anticipates for the plan period and the specific job functions needed for these projects. Depending on the type of projects

anticipated; the goals for one DBE plan period may not be comparable to the goals for different DBE plan period;

- Base requirements on the federal laws, regulations, and guidance set forth by U.S. DOT;
- Base goals on evidence of DBE firms that are “ready, willing, and able”; and
- Narrowly tailor the goals to the evidence.

Step 1: Determination of a Base Figure (26.45)⁵

To establish the Airport base figure of the relative availability of DBEs in comparison to all comparable firms (DBE and non-DBE) available to bid or submit proposals on Airport FAA-assisted contracting opportunities projected to be solicited during the triennial goal period, the Airport followed the prescribed federal methodology to determine relative availability. This was accomplished by assessing the *California Unified Certification Program DBE Database of Certified Firms* and the 2020 *U.S. Census Bureau County Business Patterns Database* within the Airport market area (defined as Alameda and Santa Clara counties) for each of the categories of work defined in the below table.

In accordance with the formula listed below, the base figure is derived by:

- dividing the number of ready, willing, and able DBE firms identified for each North American Industrial Classification System (NAICS) work category by the number of all firms identified within the Airport market area for each corresponding work category (*relative availability*),
- weighting the relative availability for each work category by the corresponding work category weight (*weighted ratio*), and
- adding the weighted ratio together.

$$\text{Base Figure} = \sum \frac{(\text{Number of Ready, Willing and Able DBEs})}{(\text{Number of All Ready, Willing and Able Firms})} \times \text{weighted ratio}$$

⇒ For the numerator: California Unified Certification Program DBE Database of Certified Firms

⇒ For the denominator: 2020 U.S. Census Bureau County Business Patterns Database

A concerted effort was made to ensure that the scope of businesses included in the numerator were as close as possible to the scope included in the denominator.

The result of the base figure calculation is shown in the table below:

⁵ 26.45 represents Title 49 CFR Part 26 regulatory goal setting methodology reference.

NAICS Code	Category of Work	DBEs ⁶	ALL Firms ⁷	Rel. Aval. ⁸
237310	Highway, Street, and Bridge Construction	9	104	8.7%
237990	Other Heavy and Civil Engineering Construction	5	27	18.5%
238120	Structural Steel and Precast Concrete Contractors	4	51	7.8%
238210	Electrical Contractors and Other Wiring Installation Contractors	21	1,570	1.3%
238390	Other Building Finishing Contractors	3	179	1.7%
238910	Site Preparation Contractors	10	320	3.1%
238990	All Other Specialty Trade Contractors	26	472	5.5%
541330	Engineering Services	55	2,436	2.3%
541360	Geophysical Surveying and Mapping Services	7	12	58.3%
541380	Testing Laboratories	9	228	3.9%
541611	Administrative Management and General Management Consulting Services	78	2,714	2.9%
541620	Environmental Consulting Services	33	329	10.0%
541690	Other Scientific and Technical Consulting Services	37	873	4.2%
561730	Landscaping Services	2	1,541	0.1%
561990	All Other Support Services	6	221	2.7%
562111	Solid Waste Collection	0	165	0.0%
Total		305	11,242	2.7%

The relative availability of DBEs from the table above is 2.7 percent. However, to make the base figure more accurate, the Airport used weighting to consider the amount of work that is available for each category of work (based on the NAICS codes).

The weighted relative availability of DBEs is calculated in the table below.

DBE Weighted Relative Availability
(amounts subject to rounding differences)

⁶ The number of DBEs in the market area for each NAICS code from the California Unified Certification Program DBE Database of Certified Firms.

⁷ The number of all firms (DBE and non-DBE) in the market area for each NAICS code from the 2020 U.S. Census Bureau County Business Patterns Database.

⁸ The number of DBEs divided by the number of all firms.

NAICS Code	Category of Work	Estimated FAA % by NAICS ⁹	Rel. Aval. ¹⁰	Weighted Ratio ¹¹
237310	Highway, Street, and Bridge Construction	52.4%	8.7%	4.5%
237990	Other Heavy and Civil Engineering Construction	1.3%	18.5%	0.2%
238120	Structural Steel and Precast Concrete Contractors	2.7%	7.8%	0.2%
238210	Electrical Contractors and Other Wiring Installation Contractors	11.3%	1.3%	0.2%
238390	Other Building Finishing Contractors	0.4%	1.7%	0.0%
238910	Site Preparation Contractors	10.0%	3.1%	0.3%
238990	All Other Specialty Trade Contractors	0.0%	5.5%	0.0%
541330	Engineering Services	0.2%	2.3%	0.0%
541360	Geophysical Surveying and Mapping Services	0.5%	58.3%	0.3%
541380	Testing Laboratories	0.0%	3.9%	0.0%
541611	Administrative Management and General Management Consulting Services	1.2%	2.9%	0.0%
541620	Environmental Consulting Services	1.1%	10.0%	0.1%
541690	Other Scientific and Technical Consulting Services	2.1%	4.2%	0.1%
561730	Landscaping Services	1.1%	0.1%	0.0%
561990	All Other Support Services	0.3%	2.7%	0.0%
562111	Solid Waste Collection	15.3%	0.0%	0.0%
Total				6.0%

Step 2: Adjusting the Base Figure

Upon establishing the base figure, the Airport reviewed and assessed other known evidence potentially impacting the relative availability of DBEs within the market area, in accordance with prescribed narrow tailoring provisions as set forth under 49 CFR Part 26.45: Step 2, DBE Goal Adjustment Guidelines.

Evidence considered in adjusting the base figure included past DBE goal attainments as shown in the table below:

FEDERAL FISCAL YEAR (FFY)	FAA DBE GOAL % ¹²	FAA DBE % ATTAINMENT
FFY 2019	6.3%	0.0%
FFY 2020	4.1%	7.6%
FFY 2021	4.1%	4.1%
Median DBE Attainment Within the Last 3 FFYs		4.1%

⁹ From Table 3

¹⁰ From Table 4

¹¹ The NAICS weight multiplied by the relative availability.

¹² The FAA DBE Goal percentage for each Federal Fiscal Year.

Given these factors, the consultants followed the FAA recommendations to average the previous DBE achievement of 4.1 percent on a similar project with the 6.0 percent of weighted relative availability of DBE firms for a race neutral goal of 5.0 percent.

Step 1 Base Figure ¹³	6.0%
Median DBE Attainment ¹⁴	4.1%
Adjusted Base Figure¹⁵	5.0%

The City proposes to meet the overall goal by using the race-neutral methods for DBE and small business participation in accordance with 49 CFR 26.51 (c).

The City estimates that in meeting its 5.0 percent overall DBE participation goal, it will obtain 100 percent from race-neutral participation and 0 percent through contract goals (race-conscious measures).

The City is scheduled to hold a stakeholders meeting on May 31, 2022 to present this proposed goal to the community and to seek input about the availability of disadvantaged and non-disadvantaged businesses, the effects of discrimination on opportunities for DBEs, and the City efforts to establish a level playing field for the participation of DBEs.

Also, a notice of the proposed 5.0 percent overall goal was published on the City and Airport's websites. The public was informed that the proposed goal and its methodology were available for inspection during normal business hours and the City would accept written comments for 30 days following the date of the notice. A supplemental memorandum to City Council will provide a summary of information and written comments received by the close of the public comment period. The City's final overall goal submission to the U.S. DOT will include a summary of information and comments received during this public participation process and the City's responses.

CONCLUSION

In order to apply for FAA grants, the City is required to submit an updated DBE participation plan goal every three years that incorporates anticipated new opportunities, potential DBE participants, and new percentage goal for DBE participation. Following the U.S. DOT process for DBE goal setting, the Airport is proposing a 5.0 percent overall race-neutral goal to be submitted to the FAA.

¹³ From Table 5.

¹⁴ From Table 6.

¹⁵ The average of the Base figure and the median DBE attainment $[(10.2\% + 4.1\%) \div 2]$.

EVALUATION AND FOLLOW-UP

This memorandum will not require any follow-up from staff.

CLIMATE SMART SAN JOSE

The recommendation in this memorandum has no effect on Climate Smart San José energy, water, or mobility goals.

POLICY ALTERNATIVE

***Alternative:** Do not to submit a three-year DBE participation plan to the FAA.*

Pros: None.

Cons: Not submitting a three-year DBE plan to the FAA by the August 1, 2022 deadline would jeopardize the City's eligibility to receive millions in federal Airport Improvement Program grants.

Reason for not recommending: Staff is confident that the consultants followed the proper methodology set forth in the DBE regulations of 49 CFR 26. The required two step process takes into account the types of anticipated projects, the availability of DBE firms given the work codes involved, and the market factors including participation rates and capacity.

PUBLIC OUTREACH

The Airport and Department of Public Works will hold a stakeholder meeting on May 31, 2022 to present this DBE goal setting process and to seek community input into the goal. Further details on this stakeholder meeting can be found in a supplemental memorandum to City Council following the meeting. The DBE goal setting process was represented to the Airport Commission and public at the May 9, 2022 meeting. The DBE Goal Notice was also posted to the FAA DBE Opportunities website and the Airport Minority Advisory Council website. The DBE Goal Notice was published on the City and Airport's websites to inform the public that the proposed goal and its rationale are available for inspection during normal business hours and that the City accepted written comments on the proposed goal for 30 days following the date of the notice.

Once approved by City Council, the goal will be posted to the Airport website.

COORDINATION

This memorandum has been coordinated with the City Attorney's Office and the City Manager's Budget Office.

COMMISSION RECOMMENDATIONS/INPUT

The DBE goal setting plan and process was presented to the Airport Commission on May 9, 2022; the commission voted its approval of the process.

HONORABLE MAYOR AND CITY COUNCIL

Subject: Approval of Airport Disadvantaged Business Enterprise Program for Federal FY 2023-2025

May 20, 2022

Page 9

CEQA

Not a Project, File No. PP17-008, general procedure and policymaking resulting in no changes to the physical environment.

/s/

JOHN AITKEN, A.A.E.

Director of Aviation

For questions, please contact Magdalena Nodal, Senior Analyst, at mnodal@sjc.org or 408-392-3673.

Attachment: Draft SJC Triennial DBE Goal FFY 2023-2025



NORMAN Y. MINETA
SAN JOSE INTERNATIONAL AIRPORT

Federal Aviation Administration (FAA)
Overall Disadvantage Business Enterprise (DBE)
Goal-Setting Methodology

Fiscal Federal Years (FFY) 2023-2025
Goal Period

August 1, 2018

Submitted in fulfillment of:
Title 49 Code of Federal Regulations Part 26

Table of Contents

I.	INTRODUCTION	3
II.	BACKGROUND	3
III.	FAA-ASSISTED CONTRACTING PROGRAM FOR FFY 2020-2022.....	3
	Market Area	3
	Anticipated Projects	3
	Subrecipients.....	5
	Categories of Work.....	5
IV.	GOAL METHODOLOGY	5
	A. Step 1: Determination of a Base Figure (26.45).....	7
	B. Step 2: Adjusting the Base Figure	9
	1) Past DBE Goal Attainments.....	10
	2) Disparity Studies	10
	3) Other Available Evidence	11
V.	PROPOSED OVERALL DBE GOAL	11
VI.	RACE-NEUTRAL IMPLEMENTATION MEASURES	12
VII.	PUBLIC PARTICIPATION AND FACILITATION	14

DBE GOAL METHODOLOGY

I. INTRODUCTION

The City of San Jose/Norman Y. Mineta San Jose International Airport (SJC) herein sets forth its Overall Disadvantaged Business Enterprise (DBE) Goal and corresponding federally prescribed goal-setting methodology for the three-year Federal Fiscal Year (FFY) goal period of 2023-2025 (October 1, 2022 through September 30, 2025), pursuant to Title 49 Code of Federal Regulations (CFR) Part 26 "Participation by Disadvantaged Business Enterprises in U.S. Department of Transportation Programs." The purpose of the DBE goal-setting process is to level the playing field so that DBEs can compete fairly for Department of Transportation-assisted contracts, however, the program must be narrowly tailored in accordance with applicable law.

II. BACKGROUND

SJC is a recipient of U.S. Department of Transportation (USDOT), Federal Aviation Administration (FAA), funding. As a condition of receiving this assistance, SJC signed an assurance that it will comply with FAA's DBE requirements. In accordance with Title 49 CFR Part 26 provisions: Participation by DBEs in USDOT Programs, SJC is required to develop and submit a Triennial Overall DBE Goal for its FAA-assisted projects.

SJC herein presents its Overall DBE Goal Methodology for FFY 2023-2025.

III. FAA-ASSISTED CONTRACTING PROGRAM FOR FFY 2023-2025

Market Area

The Federal DBE program requires agencies to implement the DBE program based on information from the relevant geographic market area—the area in which the agency spends the substantial majority of its contracting dollars.

The SJC local market for contracts consists of a geographic area that is:

- where a large majority of contracting dollars is expended, and
- where a substantial number of contractors and subcontractors are located and available to submit bids or quotes.

The SJC bidder's list was reviewed and analyzed to determine where SJC spends the substantial majority of its contracting dollars. The previously established market area of Alameda and Santa Clara counties remain the valid market area.

Anticipated Projects

SJC has five (5) FAA-assisted projects that are anticipated to be awarded during the triennial period and which were considered in preparing this goal methodology. The projects, which include construction and professional services contracting opportunities, are anticipated to be awarded during the triennial period and have potential subcontracting opportunities. These projects and their federal share are listed in Table 1.



TABLE 1
(amounts subject to rounding differences)

PROJECT NAME/DESCRIPTION ¹	EST. TOTAL PROJECT COST ²	EST. FAA \$ SHARE ³	EST. FAA % SHARE ⁴
General Aviation Run-Up Pad Relocation - REBID - The General Aviation (GA) Run-up Pad Relocation project will improve airfield safety by eliminating a designated airfield incursion hotspot. The project is addressing the current hotspot at the intersection of Taxiway D and Taxiway W by relocating the existing run-up pad to the apron area between Taxiway B and Taxiway C on the southwestern end of the Airport. The scope of work includes removal of existing pavement and tie-downs, unclassified excavation, lime treated subgrade stabilization, crushed Aggregate Base Course, bituminous Surface Course, drainage Improvements, striping, lighting, directional Signage, and removal of Existing Run-up.	\$1,209,566	\$967,653	80.00%
New Taxiway Victor Phase 1 The New Taxiway Victor-Phase 1 Project includes approximately 1,100 LF of New Taxiway V pavement and a taxiway connector stub approximately 457 LF, and includes installation of drainage improvements, grading improvements, and installation of new airfield lighting and signage.	\$9,835,444	\$7,868,355	80.00%
Terminal B South Ramp - phase 4 Removal and Replacement of approx. 100K SF of existing apron south of terminal b (gate positions 37 and 38) and replace with new DG-V rated PCC Pavement	\$6,595,351	\$5,276,281	80.00%
Terminal B South Ramp - phase 5 Removal and Replacement of approx. 76K SF of existing apron south of terminal b (gate positions 39 & 40)	\$6,595,351	\$5,276,281	80.00%
New Taxiway Victor Phase 2 and 3 Phase 2 will consist of the demolition of existing airfield pavement between existing Taxiway V and Taxiway W, demolition of portions of existing Taxiway W1, and the construction of up to 325,600 square feet of new portland cement concrete (PCC) pavement. Other improvements include site grading, drainage improvements, airfield electrical improvements (signage and lighting), existing utility protection, and FAA NAVAID and infrastructure protection.	\$9,835,444	\$7,868,355	80.00%
Total	\$34,071,155	\$27,256,924	80.00%

¹ The name and brief description of each project.

² The total estimated cost of each project.

³ The estimated FAA dollar share for each project.

⁴ The estimated FAA percentage share for each project.



Subrecipients

SJC does not reallocate any FAA funds to subrecipients.

Categories of Work

SJC reviewed each project anticipated to be awarded in the triennial period and determined the applicable categories of work applicable for each project using North American Industry Classification System (NAICS) codes. The corresponding dollar values for each NAICS code for each project were summarized for purposes of weighting the categories of work based on the staff estimates. Table 2 provides a summary of the categories of work with estimated dollars for each.

TABLE 2: Project NAICS Codes
(amounts subject to rounding differences)

PROJECT NAME	EST. FAA \$ SHARE ⁵	NAICS CODE ⁶	NAICS TITLE ⁷	EST. FAA \$ SHARE NAICS ⁸
General Aviation Run-Up Pad Relocation - REBID	\$967,652.80	237310	Highway, Street, and Bridge Construction	\$308,904.43
		237990	Other Heavy and Civil Engineering Construction	\$4,719.91
		238120	Structural Steel and Precast Concrete Contractors	\$1,890.13
		238210	Electrical Contractors and Other Wiring Installation Contractors	\$409,103.15
		238390	Other Building Finishing Contractors	\$6,731.88
		238910	Site Preparation Contractors	\$105,916.69
		238990	All Other Specialty Trade Contractors	\$5,938.27
		541330	Engineering Services	\$12,517.43
		541360	Geophysical Surveying and Mapping Services	\$10,706.58
		541620	Environmental Consulting Services	\$23,198.98
		541690	Other Scientific and Technical Consulting Services	\$46,314.51
		561730	Landscaping Services	\$31,710.84
New Taxiway Victor Phase 1	\$7,868,355.14	237310	Highway, Street, and Bridge Construction	\$3,575,085.53
		238120	Structural Steel and Precast Concrete Contractors	\$297,926.94
		238210	Electrical Contractors and Other Wiring Installation Contractors	\$1,228,461.59
		238390	Other Building Finishing Contractors	\$50,112.48
		238910	Site Preparation Contractors	\$73,961.56
		541330	Engineering Services	\$8,779.34
		541360	Geophysical Surveying and Mapping Services	\$57,065.72
		541611	Administrative Management and General Management Consulting Services	\$162,239.34
		541620	Environmental Consulting Services	\$122,910.78
		541690	Other Scientific and Technical Consulting Services	\$87,793.41

⁵ The estimated FAA dollar share for each project.

⁶ The category of work (NAICS) code for each project.

⁷ The category of work (NAICS) title.

⁸ The estimated FAA dollars for each NAICS code in each project.



PROJECT NAME	EST. FAA \$ SHARE ⁵	NAICS CODE ⁶	NAICS TITLE ⁷	EST. FAA \$ SHARE NAICS ⁸
New Taxiway Victor Phase 2 and 3	\$7,868,355.14	561730	Landscaping Services	\$121,894.13
		562111	Solid Waste Collection	\$2,082,124.34
		237310	Highway, Street, and Bridge Construction	\$3,575,085.53
		238120	Structural Steel and Precast Concrete Contractors	\$297,926.94
		238210	Electrical Contractors and Other Wiring Installation Contractors	\$1,228,461.59
		238390	Other Building Finishing Contractors	\$50,112.48
		238910	Site Preparation Contractors	\$73,961.56
		541330	Engineering Services	\$8,779.34
		541360	Geophysical Surveying and Mapping Services	\$57,065.72
		541611	Administrative Management and General Management Consulting Services	\$162,239.34
		541620	Environmental Consulting Services	\$122,910.78
		541690	Other Scientific and Technical Consulting Services	\$87,793.41
		561730	Landscaping Services	\$121,894.13
		562111	Solid Waste Collection	\$2,082,124.34
Terminal B South Ramp - phase 4	\$5,276,280.64	237310	Highway, Street, and Bridge Construction	\$3,411,888.48
		237990	Other Heavy and Civil Engineering Construction	\$178,627.68
		238120	Structural Steel and Precast Concrete Contractors	\$72,585.07
		238210	Electrical Contractors and Other Wiring Installation Contractors	\$112,470.12
		238910	Site Preparation Contractors	\$1,234,899.69
		541330	Engineering Services	\$9,072.00
		541380	Testing Laboratories	\$272.16
		541611	Administrative Management and General Management Consulting Services	\$2,268.00
		541620	Environmental Consulting Services	\$9,752.40
		541690	Other Scientific and Technical Consulting Services	\$181,440.00
		561730	Landscaping Services	\$17,645.04
		561990	All Other Support Services	\$45,360.00
Terminal B South Ramp - phase 5	\$5,276,280.64	237310	Highway, Street, and Bridge Construction	\$3,411,888.48
		237990	Other Heavy and Civil Engineering Construction	\$178,627.68
		238120	Structural Steel and Precast Concrete Contractors	\$72,585.07
		238210	Electrical Contractors and Other Wiring Installation Contractors	\$112,470.12
		238910	Site Preparation Contractors	\$1,234,899.69
		541330	Engineering Services	\$9,072.00
		541380	Testing Laboratories	\$272.16
		541611	Administrative Management and General Management Consulting Services	\$2,268.00
		541620	Environmental Consulting Services	\$9,752.40



PROJECT NAME	EST. FAA \$ SHARE ⁵	NAICS CODE ⁶	NAICS TITLE ⁷	EST. FAA \$ SHARE NAICS ⁸
		541690	Other Scientific and Technical Consulting Services	\$181,440.00
		561730	Landscaping Services	\$17,645.04
		561990	All Other Support Services	\$45,360.00
Total	\$27,256,924			\$27,256,924.37

Table 3 is a summary of each NAICS code and the total dollar values for each NAICS code based on projects listed in Table 2.

TABLE 3: NAICS Code Summary
(amounts subject to rounding differences)

NAICS Code	Category of Work	NAICS Dollars ⁹	NAICS Funding Weight ¹⁰
237310	Highway, Street, and Bridge Construction	\$14,282,852	52.4%
237990	Other Heavy and Civil Engineering Construction	\$361,975	1.3%
238120	Structural Steel and Precast Concrete Contractors	\$742,914	2.7%
238210	Electrical Contractors and Other Wiring Installation Contractors	\$3,090,967	11.3%
238390	Other Building Finishing Contractors	\$106,957	0.4%
238910	Site Preparation Contractors	\$2,723,639	10.0%
238990	All Other Specialty Trade Contractors	\$5,938	0.0%
541330	Engineering Services	\$48,220	0.2%
541360	Geophysical Surveying and Mapping Services	\$124,838	0.5%
541380	Testing Laboratories	\$544	0.0%
541611	Administrative Management and General Management Consulting Services	\$329,015	1.2%
541620	Environmental Consulting Services	\$288,525	1.1%
541690	Other Scientific and Technical Consulting Services	\$584,781	2.1%
561730	Landscaping Services	\$310,789	1.1%
561990	All Other Support Services	\$90,720	0.3%
562111	Solid Waste Collection	\$4,164,249	15.3%
		\$27,256,924	100.0%

IV. GOAL METHODOLOGY

A. Step 1: Determination of a Base Figure (26.45)¹¹

To establish the SJC Base Figure of the relative availability of DBEs relative to all comparable firms (DBE and Non-DBE) available to bid or submit proposals on SJC FAA-assisted contracting opportunities projected to be solicited during the triennial goal period, SJC followed the prescribed federal methodology to determine relative availability. This was accomplished by assessing the *California Unified Certification Program (CUCP) DBE Database of Certified Firms* and the 2020 U.S. Census Bureau

⁹ The total dollars for each category of work (NAICS) that are summed from the values in Table 2.

¹⁰ The percentage of dollars for each category of work (NAICS) for all projects anticipated to be awarded.

¹¹ 26.45 represents Title 49 CFR Part 26 regulatory goal setting methodology reference.

County Business Patterns Database within the SJC market area (defined as Alameda and Santa Clara counties) for each of the categories of work defined in Table 2.

$$\text{Base Figure} = \sum \frac{(\text{Number of Ready, Willing and Able DBEs})}{(\text{Number of All Ready, Willing and Able Firms})} \times \text{weighted ratio}$$

⇒ For the numerator: CUCP DBE Database of Certified Firms

⇒ For the denominator: 2020 U.S. Census Bureau County Business Patterns Database

In accordance with the formula listed below, the Base Figure is derived by:

- Relative Availability: dividing the number of ready, willing and able DBE firms identified for each NAICS work category by the number of all firms identified within the market area for each corresponding work category,
- Weighted Relative Availability: weighting the relative availability of each work category by the corresponding work category weight from Table 2 (NAICS %) to determine the Weighted Ratio for each NAICS work category and adding the weighted ratio figures together.

A concerted effort was made to ensure that the scope of businesses included in the numerator was as close as possible to the scope included in the denominator.

The relative availability of DBEs is calculated in Table 4 below.

TABLE 4: DBE Relative Availability
(amounts subject to rounding differences)

NAICS Code	Category of Work	DBEs ¹²	ALL Firms ¹³	Rel. Aval. ¹⁴
237310	Highway, Street, and Bridge Construction	9	104	8.7%
237990	Other Heavy and Civil Engineering Construction	5	27	18.5%
238120	Structural Steel and Precast Concrete Contractors	4	51	7.8%
238210	Electrical Contractors and Other Wiring Installation Contractors	21	1,570	1.3%
238390	Other Building Finishing Contractors	3	179	1.7%
238910	Site Preparation Contractors	10	320	3.1%
238990	All Other Specialty Trade Contractors	26	472	5.5%
541330	Engineering Services	55	2,436	2.3%
541360	Geophysical Surveying and Mapping Services	7	12	58.3%
541380	Testing Laboratories	9	228	3.9%
541611	Administrative Management and General Management Consulting Services	78	2,714	2.9%
541620	Environmental Consulting Services	33	329	10.0%
541690	Other Scientific and Technical Consulting Services	37	873	4.2%
561730	Landscaping Services	2	1,541	0.1%

¹² The number of DBEs in the market area for each NAICS code from the CUCP DBE Database of Certified Firms.

¹³ The number of all firms (DBE and non-DBE) in the market area for each NAICS code from the 2020 U.S. Census Bureau County Business Patterns Database.

¹⁴ The number of DBEs divided by the number of all firms.



NAICS Code	Category of Work	DBEs ¹²	ALL Firms ¹³	Rel. Aval. ¹⁴
561990	All Other Support Services	6	221	2.7%
562111	Solid Waste Collection	0	165	0.0%
Total		305	11,242	2.7%

The relative availability of DBEs from Table 4 is 2.7%. However, to make the Base Figure more accurate, SJC used weighting to take into account the amount of work that is available for each category of work (NAICS).

The weighted relative availability of DBEs is calculated in Table 5 below.

TABLE 5: DBE Weighted Relative Availability
(amounts subject to rounding differences)

NAICS Code	Category of Work	Estimated FAA % by NAICS ¹⁵	Rel. Aval. ¹⁶	Weighted Ratio ¹⁷
237310	Highway, Street, and Bridge Construction	52.4%	8.7%	4.5%
237990	Other Heavy and Civil Engineering Construction	1.3%	18.5%	0.2%
238120	Structural Steel and Precast Concrete Contractors	2.7%	7.8%	0.2%
238210	Electrical Contractors and Other Wiring Installation Contractors	11.3%	1.3%	0.2%
238390	Other Building Finishing Contractors	0.4%	1.7%	0.0%
238910	Site Preparation Contractors	10.0%	3.1%	0.3%
238990	All Other Specialty Trade Contractors	0.0%	5.5%	0.0%
541330	Engineering Services	0.2%	2.3%	0.0%
541360	Geophysical Surveying and Mapping Services	0.5%	58.3%	0.3%
541380	Testing Laboratories	0.0%	3.9%	0.0%
541611	Administrative Management and General Management Consulting Services	1.2%	2.9%	0.0%
541620	Environmental Consulting Services	1.1%	10.0%	0.1%
541690	Other Scientific and Technical Consulting Services	2.1%	4.2%	0.1%
561730	Landscaping Services	1.1%	0.1%	0.0%
561990	All Other Support Services	0.3%	2.7%	0.0%
562111	Solid Waste Collection	15.3%	0.0%	0.0%
Total				6.0%

B. Step 2: Adjusting the Base Figure

Upon establishing the Base Figure, SJC reviewed and assessed other known evidence potentially impacting the relative availability of DBEs within the market area, in accordance with prescribed narrow tailoring provisions as set forth under 49 CFR Part 26.45: Step 2, DBE Goal Adjustment Guidelines.

¹⁵ From Table 3

¹⁶ From Table 4

¹⁷ The NAICS weight multiplied by the relative availability.

Evidence considered in making adjustments to the Base Figure included Past DBE Goal Attainments and Other Evidence, as follows:

1) Past DBE Goal Attainments

Historical DBE participation attainments provide demonstrable evidence of DBE availability and capacity to perform on SJC projects. The projects anticipated to be awarded during the triennial period are substantially similar to those awarded in the recent past. SJC proceeded to calculate past DBE participation attainments for the three (3) federal fiscal years, for which DBE attainment data is available. The table below reflects the demonstrated capacity of DBEs (measured by actual historical DBE participation attainments) on FAA-assisted contracts awarded by SJC within the last three (3) federal fiscal years.

TABLE 6: Past Participation
(amounts subject to rounding differences)

FEDEAL FISCAL YEAR (FFY)	FAA DBE GOAL % ¹⁸	FAA DBE % ATTAINMENT
FFY 2019	6.3%	0.0%
FFY 2020	4.1%	7.6%
FFY 2021	4.1%	4.1%
Median DBE Attainment Within the Last 3 FFYs		4.1%

The median established for the past three (3) federal fiscal years (4.1%) is lower than the Base Figure derived from Step 1 (6.0%); therefore, an adjustment to the Base Figure based on SJC past DBE goal attainments has been made. The adjustment is calculated in accordance with FAA guidance by averaging the Base Figure with the median DBE Past Attainment, as shown below.

TABLE 7: Adjusted Base Figure
(amounts subject to rounding differences)

Step 1 Base Figure ¹⁹	6.0%
Median DBE Attainment ²⁰	4.1%
Adjusted Base Figure²¹	5.0%

2) Disparity Studies

SJC reviewed a number of recent Federal DBE Program-related disparity studies in California. Those studies reveal quantitative and qualitative evidence that minority- and women-owned businesses do not have the same access to financing, bonding, and insurance as non-Hispanic white male-owned businesses in California. Any barriers to obtaining financing, bonding, and insurance might affect opportunities for minorities and women to successfully form and operate construction and engineering businesses in SJC's marketplace. Any barriers that minority- and

¹⁸ The FAA DBE Goal percentage for each Federal Fiscal Year.

¹⁹ From Table 5.

²⁰ From Table 6.

²¹ The average of the Base figure and the median DBE attainment $[(10.2\% + 4.1\%) \div 2]$.



women-owned businesses face in obtaining financing, bonding, and insurance would also place those businesses at a disadvantage in obtaining SJC FAA-funded prime contracts and subcontracts.

The 2017 San Francisco Bay Area Rapid Transit District (BART) Disparity Study²², which includes Alameda and Santa Clara counties, found statistically significant disparity across all categories of work, including architecture and engineering, construction, professional services, other services, and procurement.

The 2015 San Francisco Municipal Transportation Agency (SFMTA) Disadvantaged Business Enterprise Availability, Utilization and Disparity Study²³ (2015 SFMTA Disparity Study) conducted quantitative and qualitative analyses of conditions in SFMTA's local marketplace, (which includes Santa Clara and Alameda Counties) to examine whether barriers exist in the marketplace in the construction and engineering industries for minority- and women-owned businesses and whether such barriers affect the utilization and availability of these businesses for SFMTA contracting. The 2015 SFMTA Disparity Study's quantitative analyses show barriers in the San Francisco Bay Area marketplace for minority- and woman-owned businesses in the areas of entry and advancement, business ownership, access to capital, and success of businesses.

The 2016 Caltrans FHWA Disparity Study²⁴ includes Santa Clara and Alameda counties and demonstrates substantial disparities in the utilization of minority- and women-owned businesses in transportation-related construction and professional services contracting.

While these disparity studies demonstrate that disparity exists in federal contracting, no adjustments to the SJC base figure were made due to the result of any disparity studies.

3) Other Available Evidence

SJC is not in possession of other information that would have an impact on the DBE goal assessment and has not made an adjustment to the SJC base figure due to the result of other airport goals.

V. PROPOSED OVERALL DBE GOAL

Since the Ninth Circuit Court of Appeals decision regarding *Western States Paving v. Washington State Department of Transportation*, SJC has set race neutral goals. SJC will periodically re-evaluate its DBE Program to determine whether contract goals are necessary to achieve the overall goal. If after re-evaluation SJC believes a race-conscious program is necessary, as required by *Western States*, SJC will gather evidence to determine if discrimination in the transportation contracting industry is present. SJC will make a determination at that time what type of evidence gathering is appropriate, based on DOT regulations and case law.

The Proposed Overall DBE Goal for FFY 2023-2025 for SJC FAA-assisted contracts is 5.0%.

SJC will continue to have a race-neutral DBE Program for FFY 2023-2025. SJC has been able to achieve DBE participation by using only race-neutral methods and will continue to use the existing race-neutral measures as listed below and will consider new measures in order to achieve even greater participation

²² https://www.bart.gov/sites/default/files/docs/VI.BART%20Final%20Report.Volume%20I.1.12.2017_0.pdf

²³ <https://www.sfmta.com/sites/default/files/agendaitems/2016/4-19-16%20Item%2014%20Disparity%20Study%20-%20report.pdf>

²⁴ <http://www.dot.ca.gov/obeo/docs/2016DisparityStudyReport.pdf>

over the triennial period. SJC will carefully monitor participation during the course of the goal period. At the conclusion of each year during the goal period, SJC will re-evaluate the effectiveness of the race-neutral methods and determine if it is necessary to institute a race-conscious portion and contract specific goals. If, in the future, as a result of this re-evaluation, SJC decides to implement race-conscious means, SJC will submit a revised DBE Goal Methodology for FTA's review and approval.

SJC has a race-neutral DBE Program and is not using race-conscious methods, including contract specific goals. SJC will use solely race-neutral methods, as shown below, to meet the overall DBE goal of 5.0% for FFY 2023-2025 in accordance with Title 49 CFR Part 26.51.

RACE-CONSCIOUS & RACE-NEUTRAL PROJECTIONS	
DBE Adjusted Base Figure	5.0%
Race-Conscious Component	0%
Race-Neutral Component	5.0%

VI. RACE-NEUTRAL IMPLEMENTATION MEASURES

SJC is currently implementing a number of race- and gender-neutral remedies. In order to outreach and promote the participation of DBEs and small businesses in the SJC FAA-assisted contracting program and to increase the effectiveness of these remedies, SJC plans to continue utilizing existing remedies and will continue to explore other options for consideration based on SJC success in meeting its overall DBE goals based on these efforts.

SJC will:

- Arrange contract solicitations, times for the presentation of bids, quantities, specifications, and delivery schedules in ways that facilitate and maximize DBE and other small business participation.
 - SJC will encourage prime contractors to identify subcontracting work that DBEs may bid on.
 - SJC will provide greater detail on the importance of the DBE program at pre-bid/proposal meetings.
 - SJC will invite all DBEs in the market area that perform the type of work included in a solicitation to the pre-bid/proposal meeting.
 - SJC will provide time before or after pre-bid/proposal meetings to allow for prime and subcontractor networking.
 - SJC will disseminate bid opportunity information to Small, Minority, Women and other Business Organizations within the market area.
- SJC will offer instructions and clarification on bid specifications, procurement policy, procedures, and general bidding requirements. SJC will provide information on sub-contracting practices and bonding requirements and provide instructions and clarification on job performance requirements.
 - SJC will review solicitation language to provide an emphasis on the importance of the DBE program.
 - SJC will utilize the California Unified Certification Program website to provide prospective bidders with a list of all DBEs in the market area that perform the type of work included in a solicitation:



http://www.dot.ca.gov/hq/bep/find_certified.htm

- Maintain a file of successful bid documents from past procurements and permit potential participants to review and evaluate such documents.
 - SJC will offer unsuccessful DBE bidders the opportunity for a debrief to help them understand areas in which they can improve their bid/proposal in the future.
- Host and participate in workshops for the DBE and small business contracting community.
 - SJC will attend and participate in vendor fairs hosted by other public agencies in order to learn about best practices for DBE and small business inclusion on procurement.
- As a supportive service to help develop and improve immediate and long-term business management, record keeping, and financial and accounting capability for DBEs and other small businesses, SJC will actively promote the small business conferences, programs, and support services offered by other agencies that have established DBE and other small business programs.
 - SJC will refer DBEs and other small businesses to the local Small Business Development Centers, and other local government related entities for technical assistance and other business development services.
- SJC will advise its contracting community of the online directory of certified DBEs, found at the California Unified Certification Program website:
www.dot.ca.gov/hq/bep/find_certified.htm
- SJC will advise the contracting community of the available small businesses certified by the California Department of General Services (DGS):
<http://www.dgs.ca.gov/pd/Programs/eprocure.aspx>
- On a case-by-case basis and depending on the availability and capacity of small businesses to perform subcontract opportunities, the City will implement race-neutral Small Business Enterprise incentives on federally funded contracts.

Fostering Small Business Participation²⁵

SJC has implemented several strategies to foster small business participation in its contracting process. These include the following:

- Conducting “How to do Business with SJC” and DBE workshops.
- On larger prime contracts, encouraging the prime contractor to consider subcontracting opportunities of a size that small businesses, including DBEs, can reasonably perform, rather than self-performing all the work involved.
- Identifying alternative acquisition strategies and structuring procurements to facilitate the ability of consortia or joint ventures consisting of small businesses, including DBEs, to compete for and perform prime contracts.
- Ensuring that a reasonable number of prime contracts are of a size that small businesses, including DBEs, can reasonably perform.
- Provide outreach to current SJC contractors or past SJC contractors who may qualify for DBE-certification by encouraging them to seek and obtain DBE-certification.

²⁵ See Title 49 CFR Part 26 Section 26.39 “Fostering Small Business Participation.”

VII. PUBLIC PARTICIPATION AND FACILITATION

In accordance with Public Participation Regulatory Requirements of Title 49 CFR Part 26, minority, women, small, and local business associations, and community organizations within the SJC market area will be consulted and provided an opportunity to review the triennial goal analysis and provide input.

SJC issued a Public Notice on the website publishing the SJC Draft Proposed FAA Overall DBE Goal-Setting Methodology for FFY 2023-2025. The notice informed the public that the proposed goal and rationale were available for inspection at the SJC principal office during normal business hours and SJC would accept comments on the goal analysis for 30 days.

SJC will reach out to local minority, women, and community business organizations to provide them information on the SJC DBE program and specifically the Draft Proposed FAA Overall DBE Goal-Setting Methodology for FFY 2023-2025. Each organization will be contacted and given an opportunity for a one-on-one meeting or to participate in a webinar. SJC will host a webinar on May 31, 2022 from 2:30 p.m. to 4:00 p.m.

A summary of all efforts made to contact organizations will be listed in the final methodology document along with all comments received.