



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** John Aitken

**SUBJECT:** SEE BELOW

**DATE:** May 30, 2019

Approved

Date

5-30-19

**SUBJECT: AIRPORT DISADVANTAGED BUSINESS ENTERPRISE PROGRAM  
FOR GRANT FUNDED AIRPORT DEVELOPMENT PROJECTS FOR  
FEDERAL FISCAL YEARS 2020-2022**

## RECOMMENDATION

Adopt a resolution:

- 1) Approving a proposed overall Disadvantaged Business Enterprise (DBE) participation race-neutral goal of 4.1% for Federal Aviation Administration (FAA) Airport Improvement Program (AIP) grant funded Airport development projects at the Norman Y. Mineta San José International Airport (Airport) for Federal Fiscal Years 2020-2022;
- 2) Authorizing the City Manager or his designee to submit the three-year DBE participation plan to the FAA, which is due by August 1, 2019; and
- 3) Authorizing the City Manager 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 being compliant with DBE Program requirements, allowing the City to remain an eligible recipient of FAA financial assistance for the estimated \$65,100,001 in Airport development projects for this plan period.

## **BACKGROUND**

The U.S. Department of Transportation's (DOT) DBE Program provides a vehicle for increasing the participation of disadvantaged business enterprises in federally funded procurement projects. DOT DBE regulations require state and local transportation agencies that receive DOT financial assistance to establish goals for the participation of DBEs. Each 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 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 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) 2020-2022 (October 1, 2019 through September 30, 2022).

The Airport anticipates a total of \$65,100,001 in DOT-assisted contracts between FFY 2020 and FFY 2022. The chart below provides a listing of those anticipated DOT-assisted contracts and contract amounts.

Project Name and Description	Total Estimated Project Cost	Estimated FAA Dollar Share	Estimated FAA % Share
<u>Airfield Electrical System Rehabilitation Phase 3 &amp; 4</u> This project funds the replacement of airfield lighting cables and associated improvements to circuiting routes, manholes/handholes, and duct bank systems. It may also include can or handhole "plazas" to improve access and testing capability and reduce confined space issues.	\$6,500,000	\$5,238,350	80.59%
<u>Terminal B Expansion Ramp Phase 5</u> Apron rehabilitation project at gate positions 39 and 40.	\$6,700,000	\$5,399,530	80.59%
<u>Electric Ground Support Equipment (VALE) Phase 1 &amp; 2</u> This project funds the installation of charging stations for electric vehicle and ground support equipment (GSE) and associated electrical infrastructure upgrades to support the charging stations. This project may also fund the purchase of electric vehicles and GSE.	\$1,000,000	\$500,000	50.0%
<u>Pavement Management Study</u> This project includes a pavement condition survey on the Airport's airfield pavements (runways, taxiways, aircraft parking ramps) as part of the update to the Airport's Pavement Maintenance and Management System (PMMS) required by the Federal Aviation Administration (FAA). The survey report includes the pavement condition index (PCI) and the pavement condition number (PCN) which provides a physical condition analysis of the pavement and their structural capacity respectively.	\$400,000	\$322,360	80.59%
<u>Runway Incursion Mitigation (RIM) Implementation Phases 1-3</u> This project funds the design and construction of a phased program of airfield configuration changes as recommended in the ongoing Runway Incursion Mitigation/Design Standards Analysis Study. An implementation phasing plan will be completed upon FAA approval of the updated Airport Layout Plan displaying the proposed improvements. Implementation will be contingent on the timing and availability of FAA grant funding.	\$50,000,001	\$40,295,001	80.59%
<u>Safety Management Systems (SMS)</u> This project funds the consultant services required to develop an SMS program for the Airport to meet the FAA's proposed regulation.	\$500,000	\$402,950	80.59%
	<b>\$65,100,001</b>	<b>\$52,158,191</b>	<b>80.12%</b>

In implementing its DBE program, the FAA regulations provide that the City meet the maximum feasible portion of its overall goal by using race-neutral measures to facilitate race-neutral DBE participation. Race-neutral DBE participation includes any time a DBE wins a prime contract through customary competitive procurement or is awarded a subcontract on a prime contract that does not carry a DBE contract goal.

The Airport contracted with consultants, GCAP Services Inc to determine an overall DBE participation goal for the Airport for FFY 2020-2022. In determining this overall DBE participation goal, the consultants closely followed the U.S. Department of Transportation 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 are 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 the U.S. DOT; and
- 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)<sup>1</sup>**

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 2016 *U.S. Census Bureau 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 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 Industry Classification System (NAICS) work category by the number of all firms identified within the SJC 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

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<sup>1</sup> 26.45 represents Title 49 CFR Part 26 regulatory goal setting methodology reference.

- 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: CUCP DBE Database of Certified Firms

⇒ For the denominator: 2016 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:

NAICS Code: Category of Work	Estimated FAA % by NAICS	DBEs	All Firms	Base Weighted Ratio
237310: Highway, street, and bridge construction	27.3%	5	61	2.2%
237990: Other heavy and civil engineering construction	4.4%	3	23	0.6%
238110: Poured concrete foundation and structure contractors	5.9%	3	112	0.2%
238210: Electrical contractors and other wiring installation contractors	8.0%	19	717	0.2%
238910: Site preparation contractors	8.8%	11	144	0.7%
238990: All other specialty trade contractors	4.4%	17	232	0.3%
335999: All other miscellaneous electrical equipment and component manufacturing	1.0%	0	34	0.0%
423610: Electrical apparatus and equipment, wiring supplies, and related equipment merchant wholesalers	6.4%	7	258	0.2%
484220: Specialized freight (except used goods) trucking, local	0.5%	33	125	0.1%
541330: Engineering services	19.3%	38	1178	0.6%
541690: Other scientific and technical consulting services	5.3%	35	604	0.3%
561730: Landscaping services	4.4%	3	739	0.0%
561990: All other support services	4.4%	7	133	0.2%
<b>Base Figure</b>				<b>5.7%</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.

Evidence considered in making adjustments to the Base Figure included Past DBE Goal Attainments as shown in the table below:

<b>FEDERAL FISCAL YEAR (FFY)</b>	<b>FAA DBE GOAL ATTAINMENT %</b>
2013/2014	0.0%
2014/2015	1.5%
2015/2016	8.1%
2016/2017	21.2% <sup>2</sup>
2017/2018	2.6%
<b>Median DBE Attainment Within the Last Five (5) Federal Fiscal Years</b>	<b>2.6%</b>

Given these factors, the consultants followed the FAA recommendations to average the previous DBE achievement of 2.6 percent on a similar project with the 5.7 percent of available DBE firms for a race neutral goal of 4.1 percent.

Base Figure (A)	5.7%
Median DBE Attainment (B)	2.6%
<b>Adjusted Base Figure [(A+B)/2]</b>	<b>4.1%</b>

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 4.1% overall DBE participation goal, it will obtain 100% from race-neutral participation and 0% through contract goals (race-conscious measures).

The City is scheduled to hold a stakeholders meeting on May 31, 2019 to present this proposed goal to the community and to seek input about the availability of disadvantaged and non-

<sup>2</sup> The 21.2% DBE participation in FFY 2016-2017 was due to a security project with a 23% DBE participation achievement. SJC does not have a similar project coming up and does not expect achieve this high level of participation in the coming triennial period.

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 4.1% overall goal was published on the City's and Airport's websites. The public was informed that the proposed goal and its methodology were available for inspection during normal business hours and that the City would accept written comments for 30 days following the date of the notice. A supplemental memo 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. Department of Transportation will include a summary of information and comments received during this public participation process and our responses.

### **EVALUATION AND FOLLOW-UP**

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

### **POLICY ALTERNATIVE**

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

**Pros:** None.

**Cons:** Not submitting a 3-year DBE plan to the FAA by the August 1, 2019 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 Public Works will hold a stakeholder meeting on May 31<sup>st</sup>, 2019 to present this DBE goal setting process and to seek community input into the goal. Further details on the stakeholder meeting can be found in the Supplemental Memo to follow. The DBE goal was represented to the Airport Commission and public at the May 13<sup>th</sup>, 2019 meeting. The DBE Goal Notice was also posted to the FAA DBE Opportunities website and the Airport Minority Advisory Council (AMAC) website. The DBE goal has also been published on the City's and Airport's websites to inform the public that the proposed goal and its rationale were 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 the City, the goal will be posted to the San José Airport website.

HONORABLE MAYOR AND CITY COUNCIL

**Subject: Approval of Airport Disadvantaged Business Enterprise Program for Federal FY 2020-2022**

May 30, 2019

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### **COORDINATION**

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

### **COMMISSION RECOMMENDATIONS/INPUT**

This proposed FFY 2020-2022 plan was presented to the Airport Commission on May 13, 2019. No action was taken.

### **CEQA**

Not a Project, File No. PP17 008, General Procedure and Policy Making resulting in no changes to the physical environment.

/s/  
JOHN AITKEN, A.A.E.  
Director of Aviation

For questions, please contact Magdalena Nodal, Airport, at 408-392-3673.

Attachments





**NORMAN Y. MINETA**  
**SAN JOSE INTERNATIONAL AIRPORT**

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

**Fiscal Federal Years (FFY) 2020-2022**  
**Goal Period**

**August 1, 2018**

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

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# 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 2020-2022 (October 1, 2019 through September 30, 2022), 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 2020-2022.

## III. FAA-ASSISTED CONTRACTING PROGRAM FOR FFY 2020-2022

### 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 six (6) FAA-assisted projects that are anticipated to be awarded during the triennial period and which were considered in preparing this goal methodology. These projects and their federal share are listed in Table 1.

- Column A lists the name and brief description of each project.
- Column B lists the total estimated cost of each project.
- Column C lists the estimated FAA dollar share for each project.
- Column D lists estimated FAA percentage share for each project.



**Table 1**

A Project Name and Description	B Total Estimated Project Cost	C Estimated FAA Dollar Share	D Estimated FAA % Share
Airfield Electrical System Rehabilitation Phase 3 & 4 This project funds the replacement of airfield lighting cables and associated improvements to circuiting routes, manholes/handholes, and duct bank systems. It may also include can or handhole "plazas" to improve access and testing capability and reduce confined space issues.	\$6,500,000	\$5,238,350	80.59%
Terminal B Expansion Ramp Phase 5 Apron rehabilitation project at gate positions 39 and 40.	\$6,700,000	\$5,399,530	80.59%
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Pavement Management Study This project includes a pavement condition survey on the Airport's airfield pavements (runways, taxiways, aircraft parking ramps) as part of the update to the Airport's Pavement Maintenance and Management System (PMMS) required by the Federal Aviation Administration (FAA). The survey report includes the pavement condition index (PCI) and the pavement condition number (PCN) which provides a physical condition analysis of the pavement and their structural capacity respectively.	\$400,000	\$322,360	80.59%
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Safety Management Systems (SMS) This project funds the consultant services required to develop an SMS program for the Airport to meet the FAA's proposed regulation.	\$500,000	\$402,950	80.59%
	<b>\$65,100,001</b>	<b>\$52,158,191</b>	<b>80.12%</b>

## 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.

- Column A lists the category of work (NAICS) code and title.
- Column B lists the estimated FAA dollar share for each NAICS code.
- Column C lists the estimated percentage of each NAICS code (the estimated FAA dollars for each NAICS code divided by the grand total of all estimated FAA dollars).

**Table 2**

A NAICS Code: Category of Work	B Estimated FAA Dollars by NAICS	C Estimated FAA % by NAICS
237310: Highway, street, and bridge construction	\$14,248,312	27.3%
237990: Other heavy and civil engineering construction	\$2,284,727	4.4%
238110: Poured concrete foundation and structure contractors	\$3,094,656	5.9%
238210: Electrical contractors and other wiring installation contractors	\$4,163,178	8.0%
238910: Site preparation contractors	\$4,569,453	8.8%
238990: All other specialty trade contractors	\$2,284,727	4.4%
335999: All other miscellaneous electrical equipment and component manufacturing	\$500,000	1.0%
423610: Electrical apparatus and equipment, wiring supplies, and related equipment merchant wholesalers	\$3,359,899	6.4%
484220: Specialized freight (except used goods) trucking, local	\$269,977	0.5%
541330: Engineering services	\$10,073,750	19.3%
541690: Other scientific and technical consulting services	\$2,740,060	5.3%
561730: Landscaping services	\$2,284,727	4.4%
561990: All other support services	\$2,284,727	4.4%
<b>Grand Total</b>	<b>\$52,158,191</b>	<b>100.0%</b>

## IV. GOAL METHODOLOGY

### A. Step 1: Determination of a Base Figure (26.45)<sup>1</sup>

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 *2016 U.S. Census Bureau 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.

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 NAICS work category by the number of all firms identified within the SJC market area for each corresponding work category (*relative availability*),
- weighting the relative availability for each work category by the corresponding work category weight from Table 2 (*weighted ratio*), and
- adding the weighted ratio figures 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: CUCP DBE Database of Certified Firms

⇒ For the denominator: 2016 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 Table 3.

- Column A lists the category of work (NAICS) code and title.
- Column B lists the estimated percentage of each NAICS code (the estimated FAA dollars for each NAICS code divided by the grand total of all estimated FAA dollars) from Table 2.
- Column C lists number of ready, willing and able DBEs in the SJC market area for each NAICS code from the California Unified Certification Program (CUCP) DBE Database of Certified Firms.
- Column D lists number of all firms (DBE and non-DBE) in the SJC market area for each NAICS code from the 2016 U.S. Census Bureau County Business Patterns Database.
- Column E lists the weighted ratio of the DBEs availability for each NAICS code (the number of DBEs divided by the number of all firms, multiplied by the estimated NAICS percentage).
- The weighted base figure is the sum of the weighted ratios of the DBEs availability for each NAICS code.

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<sup>1</sup> 26.45 represents Title 49 CFR Part 26 regulatory goal setting methodology reference.

**Table 3**

A	B	C	D	E
NAICS Code: Category of Work	Estimated FAA % by NAICS	DBEs	All Firms	Base Weighted Ratio
237310: Highway, street, and bridge construction	27.3%	5	61	2.2%
237990: Other heavy and civil engineering construction	4.4%	3	23	0.6%
238110: Poured concrete foundation and structure contractors	5.9%	3	112	0.2%
238210: Electrical contractors and other wiring installation contractors	8.0%	19	717	0.2%
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484220: Specialized freight (except used goods) trucking, local	0.5%	33	125	0.1%
541330: Engineering services	19.3%	38	1178	0.6%
541690: Other scientific and technical consulting services	5.3%	35	604	0.3%
561730: Landscaping services	4.4%	3	739	0.0%
561990: All other support services	4.4%	7	133	0.2%
<b>Base Figure</b>				<b>5.7%</b>

**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.

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 five (5) 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 five (5) federal fiscal years.

**Table 4**

FEDERAL FISCAL YEAR (FFY)	FAA DBE GOAL ATTAINMENT %
2013/2014	0.0%
2014/2015	1.5%
2015/2016	8.1%
2016/2017	21.2% <sup>2</sup>
2017/2018	2.6%
<b>Median DBE Attainment Within the Last Five (5) Federal Fiscal Years</b>	<b>2.6%</b>

The median established for the past five (5) federal fiscal years (2.6%) is lower than the Base Figure derived from Step 1 (5.7%); 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.

Base Figure (A)	5.7%
Median DBE Attainment (B)	2.6%
<b>Adjusted Base Figure [(A+B)/2]</b>	<b>4.1%</b>

## 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 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 Study<sup>3</sup>, 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.

<sup>2</sup> The 21.2% DBE participation in FFY 2016-2017 was due to a security project with 23% DBE participation. SJC does not have a similar project coming up and does not expect achieve this high level of participation in the coming triennial period.

<sup>3</sup> [https://www.bart.gov/sites/default/files/docs/VI.BART%20Final%20Report.Volume%20I.1.12.2017\\_0.pdf](https://www.bart.gov/sites/default/files/docs/VI.BART%20Final%20Report.Volume%20I.1.12.2017_0.pdf)



The 2015 San Francisco Municipal Transportation Agency (SFMTA) Disadvantaged Business Enterprise Availability, Utilization and Disparity Study<sup>4</sup> (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 Study<sup>5</sup> 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**

SJC operates a race-neutral DBE program. SJC will evaluate its DBE program on a regular basis to determine whether contract goals should be considered to achieve the overall goal.

### **The Proposed Overall DBE Goal for FFY 2020-2022 for SJC FAA-assisted contracts is 4.1%.**

The DBE Goal based on the federal share is a Race Neutral goal and SJC will implement race neutral measures to achieve this goal, as generally described in the following section. As a part of the prescribed goal-setting methodology, SJC must project the percentage of its Proposed Overall DBE Goal that can be met utilizing race-neutral and race-conscious measures.

#### **Race-Conscious & Race-Neutral Projection**

The United States Department of Transportation (USDOT) regulations require that race-neutral methods be used to the maximum extent feasible to reach the DBE overall goal listed below. 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 measures and determine if it is necessary to institute a race conscious portion and contract specific goals.

SJC intends to continue to use race-neutral methods to meet the overall DBE goal of 4.1% for FFY 2020-2022 in accordance with Title 49 CFR Part 26.51.

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

<sup>5</sup> <http://www.dot.ca.gov/obeo/docs/2016DisparityStudyReport.pdf>

RACE-CONSCIOUS & RACE-NEUTRAL PROJECTIONS	
DBE Adjusted Base Figure	4.1%
Race-Conscious Component	0%
Race-Neutral Component	4.1%

## 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](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](http://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 Participation<sup>6</sup>**

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.

## **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.

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<sup>6</sup> See Title 49 CFR Part 26 Section 26.39 “Fostering Small Business Participation.”

SJC posted a Public Notice to the airport website, on May 9<sup>th</sup>, 2019 publishing the SJC Draft Proposed FAA Overall DBE Goal for FFY 2020-2022. The notice informed the public that the proposed goal rationale was available for inspection at the SJC principal office during normal business hours and SJC would accept comments on the goal analysis for 30 days. This notice was also distributed to the following:

- Posted to San Jose City Website
- Posted to FAA Matchmaker Website on May 10, 2019
- Posted to AMAC Event's page on May 10, 2019
- Presented to San Jose Council Small Business Task Force on May 9<sup>th</sup>, 2019
- Presented to Airport Commission on May 13<sup>th</sup>, 2019
- Sent to the Council Members, the San Jose Minority Business Development Agency, Airport Minority Advisory Council, Small Business Development Center - Hispanic Chamber(SBDCHC), and various Business & Ethnic Chambers.

SJC reached 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 2020-2022. This notice also provided information about to attend the Stakeholder meeting. SJC hosted a stakeholder's meeting on May 31, 2019 from 2:30 p.m. to 4:00 p.m. This meeting was done at in persona and in a webinar format in order to accommodate more participation from the public. Stakeholders were able to join via the webinar or in person at downtown city hall. The stakeholder meeting presented details about the new DBE goal, methodology as well as details on the projects the public can expect to be available in FFY 2020-2022.

**ATTACHMENT 1: Website Notification**

**NOTICE TO PUBLIC – MAY 9<sup>TH</sup>, 2019**  
**NORMAN Y. MINETA**  
**SAN JOSE INTERNATIONAL AIRPORT**  
**FEDERAL AVIATION ADMINISTRATION**  
**DBE GOAL FEDERAL FISCAL YEARS 2020 – 2022**

In accordance with 49 CFR Part 26.45(g), the City of San Jose/Norman Y. Mineta International Airport (SJC), as a recipient of U.S. Department of Transportation (DOT) assistance, announces a proposed Federal Aviation Administration (FAA) Disadvantaged Business Enterprise (DBE) project overall project goal of 4.1% for the project period. This race-neutral goal represents the percentage of work to be performed by certified DBE firms on SJC's FAA-assisted projects during the project period.

The methodology used to determine the proposed goal will be available for public inspection for thirty (30) days from the date of this notice, Monday through Friday from 8:00 a.m. to 4:00 p.m. at the following location:

City of San Jose/ Norman Y. Mineta San Jose International Airport  
1701 Airport Blvd. Ste B-1130  
San José, CA 95110  
Tel: (408) 392-3673

The U.S. DOT and SJC will accept comments on this proposed goal for 30 days from the date of this notice.

A Stakeholder Meeting will also be held at the following:

May 31<sup>st</sup>, 2019  
2:30 p.m. to 4:00 pm  
Public Work's Conference Room T-550  
San José City Hall - 5th Floor  
200 E. Santa Clara Street  
San Jose, California 95113

For further information on the Stakeholder Meeting reach out to:  
Magdelina Nodal via email to [mnodal@sjc.gov](mailto:mnodal@sjc.gov) or phone by 408-392-3673.

Written comments to the SJC DBE Liaison Officer, Christopher Hickey, may be sent to the address above and/or emailed to [Christopher.Hickey@sanjoseca.gov](mailto:Christopher.Hickey@sanjoseca.gov). Written comments can also be sent directly to the FAA, DBE/ACDBE Compliance Specialist for the Western Pacific Region, P.O. Box 920078, Los Angeles, CA 90009-2007. Written comments at both locations will be accepted until June 8, 2019.

### List of Minority/Trade Organizations

[illegible]