

FY 2022 - FY 2024

**DISADVANTAGED BUSINESS ENTERPRISE PROGRAM METHODOLOGY
FOR**



TRI-CITIES AIRPORT

BLOUNTVILLE, TN

JULY 2021

METHODOLOGY for Establishing the FY 2022 - FY 2024 Overall Disadvantaged Business Enterprise (DBE) Goal for:

*Tri-Cities Airport
Blountville, TN*

In fulfillment of the requirements of 49 CFR Part 26, the Tri-Cities Airport (hereafter 'the Airport') has developed a proposed Overall Goal for FY 2022-2024 FAA-AIP projects for the Airport. The methodology used in establishing this goal is described herein.

Airport Sponsor: **Tri-Cities Airport Authority**

Airport: **Tri-Cities Airport**

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I. Detailed Methodology: Specific Steps

A. Amount of Goal

The Airport's FY 2022-2024 overall goal for the Federal financial assistance it will expend in USDOT-assisted contracts is the following:

Overall Goal:	<u>5.3%</u>
Race-Neutral:	<u>0.0%</u>
Race-Conscious:	<u>5.3%</u>

Given the amount of USDOT-assisted contracts that the Airport expects to let from FY 2022-2024, which is approximately **\$8,370,597** this means that the Airport has set a goal of expending approximately **\$447,788** with DBEs during this period.

B. Determination of the Market Area of the study

The normal market area was based on discussions with the Airport staff and an assessment of bidders from similar recent projects. Specifically, the market area is based on where the substantial majority of bidders, both successful and unsuccessful are located and where the substantial majority of funding was spent as illustrated in **Table 1** below:

**Table 1: Tri-Cities Airport
Market Area**

County	Bidders	Percent of bidders	Dollars	Percent of dollars
Carter	3	7.0%	\$87,189	1.1%
Davidson	10	23.3%	\$469,624	5.7%
Knox	2	4.7%	\$37,826	0.5%
Sullivan	19	44.2%	\$7,064,587	86.2%
Washington	8	18.6%	\$536,936	6.5%
Wilson	1	2.3%	\$2,300	0.0%
Market Area	43	100.0%	\$8,198,462	100.0%
Other	0	0.0%	\$0	0.0%
Total	43	100.0%	\$8,198,462	100.0%

SOURCE: Tri-Cities Airport

C. Determination of relevant NAICS codes

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

**Table 2a: Tri-Cities Airport
FY 2022 Projects & Activities**

Fiscal Year	PROJECT	ACTIVITY	NAICS
2022	Twy A Rehab w/Mod to Standards Construction	Highway & Street	237310
		Site Prep	238910
		Engineering	541330
		Geotechnical Testing	541380
		Landscaping	561730
	Runway Obstruction Mitigation Phase 1 (Approximately 20 Properties)	Highway & Street	237310
		Drainage	237990
		Site Prep	238910
		Specialty Trade Contractors	238990
		Engineering	541330
		Geotechnical Testing	541380
		Landscaping	561730

SOURCE: Tri-Cities Airport

**Table 2b: Tri-Cities Airport
FY 2023 Projects & Activities**

Fiscal Year	PROJECT	ACTIVITY	NAICS
2023	Runway Obstruction Mitigation Phase 2 (Approximately 20 Properties)	Highway & Street	237310
		Drainage	237990
		Site Prep	238910
		Specialty Trade Contractors	238990
		Engineering	541330
		Geotechnical Testing	541380
		Landscaping	561730
	Master Plan, Airport Layout Plan and Exhibit A Update	Engineering	541330
		Survey	541370
		Geotechnical	541380
		Environmental	541620
	Twy A Extension & Relocation Env. Remove Twy B1 & Twy C West of Rwy 23	Engineering	541330

**Table 2c: Tri-Cities Airport
FY 2024 Projects & Activities**

Fiscal Year	PROJECT	ACTIVITY	NAICS
2024	Twy A Extension & Relocation, Remove Twy B1 & Twy C West of Rwy 23	Highway & Street	237310
		Site Prep	238910
		Engineering	541330
		Geotechnical Testing	541380
		Landscaping	561730
	Twy A Extension & Relocation, Env. Remove Twy B1 & Twy C West of Rwy 23	Engineering	541330

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

**Table 3a: DBES—Tri-Cities Airport
by Relevant NAICS Codes
Twy A Rehab w/Mod to Standards Construction**

Activity	NAICS CODES	DBE Firms	All Firms	% of DBE Firms Available	NAICS Dollars	DBE Dollars
Highway & Street	237310	4	37	10.8%	\$924,640	\$99,961
Site Prep	238910	3	132	2.3%	\$271,052	\$6,160
Engineering	541330	6	294	2.0%	\$142,659	\$2,911
Geotechnical Testing	541380	1	28	3.6%	\$73,971	\$2,642
Landscaping	561730	4	404	1.0%	\$14,265.88	\$141
Total					\$1,426,588	\$111,816
Weighted Step 1 Goal =						7.8%

SOURCES:

1. 2019 County Business Patterns, U.S. Census Bureau.
2. Tennessee UCP DBE Directory, June 2021.

**Table 3b: DBES—Tri-Cities Airport
by Relevant NAICS Codes
Runway Obstruction Mitigation Phase 1 (Approximately 20 Properties)**

Activity	NAICS CODES	DBE Firms	All Firms	% of DBE Firms Available	NAICS Dollars	DBE Dollars
Highway & Street	237310	4	37	10.8%	\$20,657	\$2,233
Drainage	237990	0	16	0.0%	\$2,892	\$0
Site Prep	238910	3	132	2.3%	\$300,726	\$6,835
Specialty Trade Contractors	238990	6	109	5.5%	\$8,593.37	\$473
Engineering	541330	6	294	2.0%	\$49,032	\$1,001
Geotechnical Testing	541380	1	28	3.6%	\$32,688	\$1,167
Landscaping	561730	4	404	1.0%	\$27,267.41	\$270
Total					\$441,856	\$11,979
Weighted Step 1 Goal =						2.7%

SOURCES:

1. 2019 County Business Patterns, U.S. Census Bureau.
2. Tennessee UCP DBE Directory, June 2021.

**Table 3c: DBES—Tri-Cities Airport
by Relevant NAICS Codes
Runway Obstruction Mitigation Phase 2 (Approximately 20 Properties)**

Activity	NAICS CODES	DBE Firms	All Firms	% of DBE Firms Available	NAICS Dollars	DBE Dollars
Highway & Street	237310	4	37	10.8%	\$45,521	\$4,921
Drainage	237990	0	16	0.0%	\$6,373	\$0
Site Prep	238910	3	132	2.3%	\$662,697	\$15,061
Specialty Trade Contractors	238990	6	109	5.5%	\$18,936.81	\$1,042
Engineering	541330	6	294	2.0%	\$108,049	\$2,205
Geotechnical Testing	541380	1	28	3.6%	\$72,033	\$2,573
Landscaping	561730	4	404	1.0%	\$60,087.96	\$595
Total					\$973,698	\$26,398
Weighted Step 1 Goal =						2.7%

SOURCES:

1. 2019 County Business Patterns, U.S. Census Bureau.
2. Tennessee UCP DBE Directory, June 2021.

**Table 3d: DBES—Tri-Cities Airport
by Relevant NAICS Codes
Master Plan, Airport Layout Plan and Exhibit A Update**

Activity	NAICS CODES	DBE Firms	All Firms	% of DBE Firms Available	NAICS Dollars	DBE Dollars
Engineering	541330	6	294	2.0%	\$547,826	\$11,180
Survey	541370	0	33	0.0%	\$104,348	\$0
Geotechnical Testing	541380	1	28	3.6%	\$52,174	\$1,863
Environmental	541620	0	45	0.0%	\$195,652	\$0
Total					\$900,000	\$13,043
Weighted Step 1 Goal =						1.4%

SOURCES:

1. 2019 County Business Patterns, U.S. Census Bureau.
2. Tennessee UCP DBE Directory, June 2021.

**Table 3e: DBES—Tri-Cities Airport
by Relevant NAICS Codes
Twy A Extension & Relocation Env. Remove Twy B1 & Twy C West of Rwy 23**

Activity	NAICS CODES	DBE Firms	All Firms	% of DBE Firms Available	NAICS Dollars	DBE Dollars
Engineering	541330	6	294	2.0%	\$112,500	\$2,296
Total					\$112,500	\$2,296
Weighted Step 1 Goal =						2.0%

SOURCES:

1. 2019 County Business Patterns, U.S. Census Bureau.
2. Tennessee UCP DBE Directory, June 2021

**Table 3f: DBES—Tri-Cities Airport
by Relevant NAICS Codes
Twy A Extension & Relocation, Remove Twy B1 & Twy C West of Rwy 23**

Activity	NAICS CODES	DBE Firms	All Firms	% of DBE Firms Available	NAICS Dollars	DBE Dollars
Highway & Street	237310	4	37	10.8%	\$2,845,989	\$307,675
Site Prep	238910	3	132	2.3%	\$834,281	\$18,961
Engineering	541330	6	294	2.0%	\$439,096	\$8,961
Geotechnical Testing	541380	1	28	3.6%	\$227,679	\$8,131
Landscaping	561730	4	404	1.0%	\$43,909.55	\$435
Total					\$4,390,955	\$344,163
Weighted Step 1 Goal =						7.8%

SOURCES:

1. 2019 County Business Patterns, U.S. Census Bureau.
2. Tennessee UCP DBE Directory, June 2021.

**Table 3g: DBES—Tri-Cities Airport
by Relevant NAICS Codes
Twy A Extension & Relocation, Env. Remove Twy B1 & Twy C West of Rwy 23**

Activity	NAICS CODES	DBE Firms	All Firms	% of DBE Firms Available	NAICS Dollars	DBE Dollars
Engineering	541330	6	294	2.0%	\$125,000	\$2,551
Total					\$125,000	\$2,551
Weighted Step 1 Goal =						2.0%

SOURCES:

1. 2019 County Business Patterns, U.S. Census Bureau.
2. Tennessee UCP DBE Directory, June 2021.

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

E. Determination of the “Weighted” DBE Base Figure

The Step 1 DBE Base Figure for each project was derived by multiplying the dollars for each activity by the percentage of relevant DBE firms to all relevant firms. The total DBE goal in dollars was divided by the total project costs to derive the step 1 goals.

The Step 1 DBE Base Figures for the Airport are as follows:

Twy A Rehab w/Mod to Standards Construction	7.8%
Runway Obstruction Mitigation Phase 1 (Approximately 20 Properties)	2.7%
Runway Obstruction Mitigation Phase 2 (Approximately 20 Properties)	2.7%
Master Plan, Airport Layout Plan and Exhibit A Update	1.4%
Twy A Extension & Relocation Env. Remove Twy B1 & Twy C West of Rwy 23	2.0%
Twy A Extension & Relocation, Remove Twy B1 & Twy C West of Rwy 23	7.8%
Twy A Extension & Relocation, Env. Remove Twy B1 & Twy C West of Rwy 23	2.0%

II. Adjustments to the DBE Base Figure

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

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

A. Adjustment Factors to Consider

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

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

The historical overall DBE goals accomplished at the Airport in recent years were examined relative to the above consideration. Notice the annual DBE percent accomplishment indicated in Table 4 below:

**Table 4: Tri-Cities Airport
DBE Accomplishment**

Report Period	Approved DBE Goal	DBE Percent Achieved	Achieved Over/Under
FY 2016	6.0%	5.1%	-0.9%
FY 2017	6.0%	16.0%	10.0%
FY 2018	6.0%	0.0%	-6.0%
FY 2019	6.0%	0.0%	-6.0%
FY 2020	6.0%	24.3%	18.3%
MEDIAN	6.0%	5.1%	-0.9%

The median DBE accomplishment for the periods as shown above for the Airport is 5.1%.

B. Consultations

The Airport held a public meeting on July 22, 2021. The purpose of the meeting was to solicit information from interested stakeholders about the draft goal, as well as the availability of potential DBEs at the Airport, the effects of discrimination on opportunities for DBEs, and the Airport’s effort to increase DBE participation. Please see Appendix B for the attendee list and consultation comments.

C. Adjustment to Step 1 DBE Base Figures: Tri-Cities Airport, FY 2022-FY 2024

With the adjustment factors considered to this point, the Airport will adjust the Step 1 base figures as calculated above by adding the annual accomplishment factor derived in Table 4 above (5.1%) to the base figures, averaging the total for an adjusted DBE goal.

**Table 5: Tri-Cities Airport
FY 2022 - FY 2024 Overall Goal**

Fiscal Year	Project	Step1	Step 2 adjustment	Overall Goal	Total project costs	DBE Goal (dollars)
FY 2022	Twy A Rehab w/Mod to Standards Construction	7.8%	5.1%	6.5%	\$1,426,588	\$92,015
	Runway Obstruction Mitigation Phase 1 (Approximately 20 Properties)	2.7%	5.1%	3.9%	\$441,856	\$17,232
FY 2022 Total				5.8%	\$1,868,444	\$109,247
FY 2023	Runway Obstruction Mitigation Phase 2 (Approximately 20 Properties)	2.7%	5.1%	3.9%	\$973,698	\$37,974
	Master Plan, Airport Layout Plan and Exhibit A Update	1.4%	n/a	1.4%	\$900,000	\$12,600
	Twy A Extension & Relocation Env. Remove Twy B1 & Twy C West of Rwy 23	2.0%	n/a	2.0%	\$112,500	\$2,250
FY 2023 Total				2.7%	\$1,986,198	\$52,824
FY 2024	Twy A Extension & Relocation, Remove Twy B1 & Twy C West of Rwy 23	7.8%	5.1%	6.5%	\$4,390,955	\$283,217
	Twy A Extension & Relocation, Env. Remove Twy B1 & Twy C West of Rwy 23	2.0%	n/a	2.0%	\$125,000	\$2,500
FY 2024 Total				6.3%	\$4,515,955	\$285,717
FY 2022 - FY 2024 Overall Goal				5.3%	\$8,370,597	\$447,788

The total DBE goal in dollars was divided by the total project costs to derive the overall DBE goal of 5.3% for FY 2022 - FY 2024.

III. Process

The Airport will normally submit its overall goal to the FAA on August 1 of each goal year.

Before establishing the overall goal this year, the Airport consulted with minority, women's and general contractor groups, community organizations, and other officials or organizations to obtain information concerning the availability of disadvantaged and non-disadvantaged businesses, the effects of discrimination on opportunities for DBEs, and the Airport's efforts to establish a level playing field for the participation of DBEs.

Following this consultation, the Airport published a notice of the proposed overall goal, informing the public that the proposed goal and its rationale were available for review and comment during normal business hours at the Airport's administrative office for 30 days following the date of the notice. The notice, published on the Airport's website, included addresses (including offices) to which comments could be sent and addresses where the proposal could be reviewed. This process was used to establish the goals for FY 2022 to FY 2024.

The Airport's overall goal submission to the FAA will include a summary of information and comments received during this public participation process and our responses. *(Note: No comments have been received as of this submittal. Should any comments be received, those comments and our responses to the comments will be submitted at the end of the review and comment period.)*

The Airport will begin using the overall goal on October 1 of each goal year, unless the Airport has received other instructions from DOT/FAA (or, if the goal is established on a project basis) by the time of the first solicitation for a DOT/FAA-assisted contract for the projects.

IV. Breakout of Estimated Race-Conscious/Race-Neutral Participation

The Airport will meet the maximum feasible portion of its overall goal by using race-neutral means of facilitating DBE participation. The Airport will use a combination of the following race-neutral means to increase DBE participation:

1. *Arranging solicitations, times for the presentation of bids, quantities, specifications, and delivery schedules in ways that facilitate DBE, and other small businesses participation (e.g., unbundling large contracts to make them more accessible to small businesses, encouraging prime contractors to subcontract portions of work that they might otherwise perform with their own forces);*
2. *Disseminating information communications on contracting procedures and specific contract opportunities (e.g., ensuring the inclusion of DBEs, and other small businesses, on recipient mailing lists for bidders, ensuring the dissemination to bidders on prime contracts of lists of potential subcontractors).*

The Airport proposes a race-conscious goal of **5.3%** and a race-neutral goal of **0.0%**, for a total of **5.3%**. The reason for this breakout is that the projects from previous years show that the median amount by which the past DBE goals were under-achieved is **0.9%** (see **Table 4**).

The Airport will adjust the estimated breakout of race-neutral and race-conscious participation as needed to reflect actual DBE participation (26.51(f)) and it will track and report race-neutral and race-conscious participation separately. For reporting purposes, race-neutral DBE participation includes, but is not necessarily limited to, the following: DBE participation through a prime contract a DBE obtains through customary competitive procurement procedures; DBE participation through a subcontract on a prime contract that does not carry a DBE goal; DBE participation on a prime contract exceeding a 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.

VI. Contract Goals

The Airport will use contract goals to meet any portion of the overall goal that the Airport does not project being able to meet using race-neutral means. Contract goals are established so that, over the period to which the overall goal applies, they will cumulatively result in meeting any portion of the overall goal that is not projected to be met through the use of race-neutral means.

The Airport will establish contract goals only on those DOT-assisted contracts that have subcontracting possibilities. The Airport does not need to establish a contract goal on every such contract, and 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 Airport will express its contract goals as a percentage of the Federal share of a DOT-assisted contract.

Appendix A: Resource Listing

A. Resource Documents:

1. Tennessee UCP DBE Directory
2. 2019 County Business Patterns, Census Bureau
3. Uniform Report of DBE Commitments/Awards and Payments