

**City of Houston  
Office of Business Opportunity**

**Proposed Goal for the Participation of  
Disadvantaged Business Enterprises in  
Department of Transportation Funded Contracts  
Federal Fiscal Years 2017-2019**

Pursuant to the Code of Federal Regulations, Section 49, Part 26, the City of Houston has proposed an overall goal of 29% for the participation of Disadvantaged Business Enterprises (DBE) at its Houston Airport System's William P. Hobby Airport (HOU) contracts that are funded by the US Department of Transportation (DOT), effective October 1, 2016 thru September 30, 2019. Of the 29% overall goal, it is anticipated that 2.5% can be achieved by race neutral means.

**I. METHODOLOGY**

**Step 1**

The first step in determining the overall goal for the Houston Airport System's Federal Fiscal Years 2017-19 DBE program was to identify the base figure of ready, willing, and able minority and women-owned businesses, where the majority of the contracts are let and where the prime and sub-contractors are located.

In order to determine a base figure, average DBE participation for the past three federal fiscal years for George Bush Intercontinental (IAH) was taken, due to HOU having insufficient data/contracts in the prior period since the program for airport specific contract goals was implemented:

**IAH DBE Participation for FFY 2013 – FFY 2015**

Fiscal Year	Participation
2013	25.1%
2014	34.2%
2015	31.5%
Average	<b>30.3%</b>

**As such, the City of Houston's Houston Airport System will use the 30.3% as the base figure in establishing its overall goal for Federal Fiscal Years 2017-19.**

## Step 2

The evidence available was examined in our jurisdiction and it suggested that the base figure needed to be adjusted to arrive at the overall goal. The base figure of 30.3% will be adjusted by the weighted availability for the anticipated projects.

*Adjustment:* Two sources of data were used to calculate weighted DBE availability – Texas Unified Certification Program’s (TUCP) database of certified Disadvantaged Business Enterprise (DBE) firms and the 2014 United States Census’ County Business Patterns.

A total of two federally-assisted projects with approximately \$63,750,000 in grant funds are anticipated during Federal Fiscal Years 2017-19 (see Table 1). The majority of the federally-assisted contracts are primarily construction. Contract specific goals will be assigned to the projects based on availability.

For each project, the corresponding NAICS Code(s) were identified and analyzed for major work elements (See Attachment 1).<sup>1</sup> The weighted availability figure was determined to be 29.1%.

Table 1  
Estimated Contract Dollars to Be Awarded in  
Federal Fiscal Years 2017-2019

LOC	Proj No.	Phase	Description	Estimated amount	Federal	Local
HOU	770		RECON NON-STANDARD TAXIWAYS	\$ 36,000,000	\$ 27,000,000	\$ 9,000,000
HOU	772		Recon. Runway 13R-31L to Concrete	\$ 49,000,000	\$ 36,750,000	\$ 12,250,000
			<b>Total</b>	<b>\$85,000,000</b>	<b>\$ 63,750,000</b>	<b>\$21,250,000</b>

**Adjustment: (Base Figure 30.3% + Weighted Availability 27.98%) / 2 = 29.1%**

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<sup>1</sup> The weighted availability figure was determined by taking the applicable NAICS Codes for major work elements of the projects and finding the number of certified DBEs listed with the Texas Department of Transportation with that NAICS Code, then dividing that number by the number of total businesses listed in the 2014 United States Census’ County Business Patterns for the Houston MSA (that will determine the availability for each work element), then multiplying the percent of the budget for the identified work elements by the availability for each work element.

The proposed overall goal for the participation of Disadvantaged Business Enterprises in Department of Transportation Funded Contracts for Federal Fiscal Years 2017-2019 for the City of Houston's Houston Airport System's William P. Hobby Airport is 29% or \$19,316,250 of the total expected Federal Funding amount of \$63,750,000.

## **II. Breakout of the Estimated Race Neutral and Race Conscious Participation**

Due to HOU only recently implementing airport specific goals, DBE participation from George Bush Intercontinental Airport (IAH) was used to base the Race Neutral Goal. We reviewed DBE participation for Fiscal Years 2013 – 2015 to determine the extent to which overall DBE goals were exceeded in the past. The results are presented in the following table.

**Table 2**  
**Participation vs. Overall DBE Goal for IAH**

2006	33.10%	19.00%	14.10%
2007	18.10%	20.80%	-2.70%
2008	21.20%	21.80%	-0.60%
<b>2009</b>	<b>18.50%</b>	<b>20.30%</b>	<b>-1.80%</b>
2010	25.40%	20.28%	5.12%
2011	23.53%	24.74%	-1.21%
2012	37.74%	24.74%	13.00%
Average	25.37%	21.67%	3.70%

To calculate the race neutral goal we took the median DBE participation for the past three years and subtracted the overall DBE goal.

**Median DBE Participation (31.5%) – Overall DBE Goal (29%) = 2.5% (Race Neutral)**

Therefore, based on the aforementioned information, the FY 2017-2019 Race Neutral Goal will be 2.5%.

### **A. Description of efforts to use race-neutral means.**

Examples of our efforts to use race-neutral means include, but are not limited to the following:

- 1) Participation in over 25 events annually through Outreach Fairs with other stakeholders that receive Federal DOT funding (Port of Houston, METRO, etc.). Reaching over 10,000 potential DBEs.
- 2) Arranging solicitations, times for the presentation of bids, quantities, specifications, and delivery schedules in ways that facilitate DBEs and other small businesses' participation (i.e., unbundling large contracts to make them

more accessible to small businesses, requiring or encouraging prime contractors to subcontract portions of work that they might otherwise perform with their own forces).

- 3) Providing technical assistance and other services.
- 4) Providing information and communications programs on contracting procedures and specific contract opportunities (i.e., 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; provision of information in languages other than English, where appropriate).
- 5) Providing services to help DBEs and other small businesses improve long-term development; increase opportunities to participate in a variety of work; handle increasingly significant projects, and achieve eventual self-sufficiency.
- 6) Ensuring distribution of the DBE directory through print and electronic means, to all potential prime contractors.
- 7) Assisting DBEs and other small businesses in developing their capability to utilize emerging technology and conduct business through electronic media.

### **III. Public Participation**

In establishing an overall goal, the City of Houston provided time for public participation. This public participation included:

(1) Consultation with minority, women and general contractor groups, community organizations, and other officials or organizations which could be expected to have information concerning the availability of disadvantaged and non-disadvantaged businesses and that can describe the effects of discrimination on opportunities for DBEs, and the City of Houston's efforts to establish a level playing field for the participation of DBEs.

(2) A published notice announcing the proposed overall goal, informing the public that the proposed goal and its rationale are available for inspection during normal business hours at the City Secretary's Office for 30 days following the date of the notice, and informing the public that the City of Houston and the Houston Airport System will accept comments on the goals for 45 days from the date of the notice. The notice included addresses to which comments may be sent, and it was published in general circulation media and available to minority-focused media and trade association publications. The notice was published in the City Secretary's Office and on the City of Houston Airport

System's website at [www.fly2houston.com](http://www.fly2houston.com). Notices were also published in the following print media:

- La Voz De Houston Spanish Newspaper
- Houston Chronicle

(3) Copies of the DBE Plan were available for public review during the 30 day review period at the following locations:

- Houston Airport System  
Office of Business Opportunity  
18600 Lee Rd.  
Humble, TX. 77338
- Office of Business Opportunity  
611 Walker St. 7<sup>th</sup> Floor  
Houston, TX. 77002
- Office of City Secretary  
900 Bagby St.  
Houston, TX. 77002

Attachments:

- a. Attachment 1 - Weighted Ratio of Certified DBEs to Available Firms in the Market Area
- b. Attachment 2- DBE Median Participation