



City of Austin

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Overall Disadvantaged Business Enterprise Triennial Goal for the Federal Aviation Administration

Fiscal Years 2024-2026

City of Austin

Section 26.45: Overall DBE Three-Year Goal Methodology

Name of Recipient: City of Austin, Texas

Goal Period: FY-2024-2025-2026– October 1, 2023, through September 30, 2025

DOT assisted contract amount: FY 2020-2022 \$2,678,217,933.

Overall Three-Year Goal: 11.95%, with 11.95% to be accomplished through race-conscious measures and 0.00% to be accomplished through race-neutral measures.

Total dollar amount to be expended with DBEs: \$442,535,726.

Below are the projects that the Airport anticipates awarding using FAA funds:

New Central Utility Plant (CUP B) for Concourse B
BJT Optimization, Pkg. 1: FIS Improvements
BJT Optimization, Pkg. 2
PFAS Long-Term Management
BJT Optimization, Pkg. 4
Concourse B Gates, Phase 1

The City of Austin’s DBE goal methodology consists of two steps:

1. Establishing the base figure for the relative availability of DBEs and
2. Adjusting the base figure to reflect available data.

The City of Austin commissioned a Disparity Study from Colette Holt & Associates (“CHA”), attached hereto as Exhibit B. A disparity study is an approved method for establishing the triennial goal under 49 C.F.R. §26.45 (c). CHA determined the base figure of DBE availability and provided data relevant to determine whether to adjust the base figure. The data and results are discussed below.

Step 1 Base Figure Analysis of the Relative Availability of DBEs

To determine the geographic market area, the Study applied the national standard of identifying the firm locations that account for at least 75% of contract and subcontract dollar payments in the Final Contract Data File (“FCDF”).¹ Firm location was determined by zip code and aggregated into counties as the geographic unit. Contracts awarded to firms located in the State of Texas accounted for 90.0% of all dollars during the study period. The 19 counties within the four larger metropolitan areas in the state – Austin, San Antonio, Dallas-Fort Worth, and Houston – captured 92.2% of the state dollars and 82.9% of the entire FCDF. Therefore, these 19 counties were determined to be the geographic market for the City.

CHA next determined the dollar value of the City’s utilization of Minority-owned Business

¹ National Academies of Sciences, Engineering, and Medicine 2010, *Guidelines for Conducting a Disparity and Availability Study for the Federal DBE Program*. Washington, DC: The National Academies Press. <https://doi.org/10.17226/14346> (“*National Disparity Study Guidelines*”), at p. 29.

Enterprises (“MBEs”) and Woman-owned Business Enterprises (“WBEs”) as measured by payments to prime firms and subcontractors and disaggregated by race and gender. These results are presented in Table 1-3 of Exhibit B.

CHA next determined the unweighted availability of MBE/WBEs in the City’s geographic and product markets using the modified “custom census” approach to estimating availability and the further assignment of race and gender using the FCDF, the Master M/W/DBE Directory created by CHA for the Study and other sources. Table 4-8 presents these data. For further explanation of the role of unweighted and weighted availability and how these are calculated, please see Appendix D to the Study.

To estimate the base figure, the City weighted the Study’s availability estimates by six-digit North American Industry Classification System codes by the anticipated scopes of work of the six projects that will receive FAA funding. Please see Exhibit C for the breakdown of those projects. The result is an overall step one base figure of 16.5% DBE availability. The breakdown of the goal setting is provided in Exhibit D.

Step 2 Analysis of Possible Adjustments to Step 1 base figure

Once the base figure has been calculated, the City must examine all evidence available in its jurisdiction to determine if an adjustment is necessary to reflect the level of DBE participation expected absent the effects of discrimination. Included among the types of evidence that must be considered are the current capacity of DBEs to perform work on the City’s FAA assisted contracts, as measured by the volume of work DBEs performed in recent years, and evidence from disparity studies conducted anywhere within the City’s jurisdiction, to the extent not already accounted for in the base figure. If available, the City also must consider available evidence from related fields that affect the opportunities for DBEs to form, grow, and compete, including statistical disparities in the ability of DBEs to obtain the financing, bonding, and insurance required to participate in the Program, and data on employment, self-employment, education, training, and union apprenticeship programs, to the extent relevant to the opportunities for DBEs to perform in the Program. The regulations caution that any adjustment to the base figure to account for the continuing effects of past discrimination or the effects of an ongoing DBE program must be based on “demonstrable evidence that is logically and directly related to the effect for which the adjustment is sought.” §26.45(d)(3).

Past DBE Utilization

The City considered the current capacity of DBEs to perform work on its FAA assisted projects, as measured by the amount of work performed by certified DBEs on FAA funded contracts over the past five years.

- DBE Participation FY 2018: 7.75%
- DBE Participation FY 2019: 4.97%
- DBE Participation FY 2020: 7.40%
- DBE Participation FY 2021: 11.60%
- DBE Participation FY 2022: 1.98%

Evidence from Local Disparity Studies

No other local jurisdictions have conducted studies relevant to the City’s FAA contracting

activities.

Disparities Affecting DBE Opportunities

The Disparity Study explored the Census Bureau data and literature relevant to how discrimination in the City's market and throughout the wider Texas economy affects the ability of minorities and women to fairly and fully engage in the City's prime contract and subcontract opportunities. Data from the Census Bureau's Survey of Business Owners indicate very large disparities between M/WBE firms and non-M/WBE firms when examining the sales of all firms, the sales of employer firms (firms that employ at least one worker), or the payroll of employer firms. Data from the Census Bureau's American Community Survey ("ACS") indicate that Blacks, Hispanics, Native Americans, Asian/Pacific Islanders, Others, and White women were underutilized relative to White men. Controlling for other factors relevant to business outcomes, wages, and business earnings were lower for these groups compared to White men. Data from the ACS further indicate that non-Whites and White women are less likely to form businesses compared to similarly situated White men. The literature on barriers to access to commercial credit and the development of human capital further reports that minorities continue to face constraints on their entrepreneurial success based on race. These constraints negatively impact the ability of firms to form, grow, and succeed.

While relevant and probative to whether the City needs to continue to employ race-conscious measures to meet its DBE goal, the Study recognized that these results are difficult to quantify within the rigors of the strict scrutiny standards and §26.45(d).

Current DBE Capacity

The City next considered the current capacity of DBE firms to perform work in its market area, as measured by the amount of work performed by DBEs on FAA assisted projects over the past five years. Following the USDOT's Office of Small and Disadvantaged Business Utilization's *Guidance on Tips for Goal-Setting in the Disadvantaged Business Enterprises Program*, the City combined the step 1 base figure with its median past DBE participation for an average of 11.95% (step 1 base figure of 16.50% + median past participation of 7.40% = 23.90%/2 = 11.95%).

Breakout of Estimated Race-Neutral and Race-Conscious Participation

The regulations require that the City meet the maximum feasible portion of its overall goal by using race-neutral measures to facilitate DBE participation (see §26.51(a); see also §26.45(f)(3), and §26.51(c).

The race-neutral and race-conscious attainment for the past five fiscal years is below to determine the maximum race-neutral participation. The City's median percentage on FAA assisted contracts through race-neutral means for FY 2018-2022 was 0.00%.

Race-Neutral and Race-Conscious Achievement

Year	Race-Neutral Achievement	Race-Conscious Achievement	Total DBE Achievement	DBE goal
2018	0.00%	7.75%	7.75%	11.0%
2019	0.00%	4.97%	4.97%	11.0%
2020	0.00%	7.40%	7.40%	13.98%
2021	0.00%	11.60%	11.60%	13.98%
2022	0.00%	1.98%	1.98%	13.98%

The City also considered the amount by which past goals were exceeded, as well as our past history of not achieving goals, in determining the race-neutral and race-conscious proportion consistent with USDOT goal-setting tips. Specifically, USDOT recommends increasing the race-conscious portion of the annual goal to account for the proportion of previous years' goals that were not met or increasing the race-neutral portion to account for exceeding goals.²

The City will meet the maximum feasible portion of its overall goal through race-neutral means of facilitating DBE participation. The City will adjust the estimated breakout of race-neutral and race-conscious DBE participation as needed to reflect actual DBE participation and track and report of race-neutral and race-conscious participation separately. This will include but not be limited to:

- Arranging solicitations, times for the presentation of bids, quantities, specifications, and delivery schedules in ways that facilitate DBE and other small businesses participation;
- Providing assistance in overcoming limitations such as inability to obtain bonding or financing;
- Providing technical assistance and other services;
- Carrying out information and communications programs on contracting procedures and specific contract opportunities;
- Implementing a supportive services program to develop and improve immediate and long-term business management, record keeping, and financial and accounting capability for DBEs and other small businesses;
- Providing services to help DBEs and other small businesses improve long-term development, increase opportunities to participate in a variety of types of work, handle increasingly significant projects, and achieve eventual self-sufficiency;
- Establishing a program to assist new, start-up firms, particularly in fields in which DBE participation has historically been low;

² *Tips for Goal -Setting in the Disadvantaged Business Enterprise (DBE) Program: IV. Calculating the Race/ Gender -Neutral and Race/ Gender-Conscious Split; A. Consider the Amount by Which You Exceeded Your Goals in the Past. & F. Consider Past History of Inability to Achieve Goals.* (<https://www.transportation.gov/osdbu/disadvantaged-business-enterprise/tips-goal-setting-disadvantaged-business-enterprise>).

- Ensuring distribution of DBE directory, through print and electronic means, to the widest feasible universe of potential prime contractors; and
- Assist DBEs and other small businesses to utilize emerging technology and conduct business through electronic media.

Public Participation

Pursuant to §26.45(g)(1), the City will hold one virtual public consultation meetings to actively solicit input from stakeholders including community organizations and other officials or organizations that can be expected to have information relative to the availability of disadvantaged and non-disadvantaged businesses; the effects of discrimination on opportunities for DBEs; and the City's efforts to establish a level playing field for the participation of DBEs in FAA assisted, transportation-related contracting.³ Please see Exhibit A for the list of invited organizations. These meetings will be facilitated by CHA to inform and engage with the public on its proposed goal and the methodology used to determine the goal. The City will invite members of the public, including minority- and woman-owned businesses; minority, woman, and general contractor groups; community organizations; public officials; and small and minority-focused business development organizations. Staff members from the City's Small Minority Business Resources department will be present to answer questions.

The City will provide a summary to FAA of the comments received during the public consultation process, and a summary of any changes made based upon those comments.

The proposed goal is posted on the City of Austin's Small & Minority Business Resource website at

<https://www.austintexas.gov/news/dbe-public-comment-notice>.

It is also available for inspection during normal business hours at the Small & Minority Business Resources Department, 811 Barton Springs Rd Suite 805, Austin, TX 78704, for 30 days and informing the public that the City of Austin and DOT will accept comments on the goal during this time period.

Comments on the DBE goal are accepted for 30 days from the date of this publication and can submitted online or to the following:

Edward Campos, DBE Liaison Officer
Edward.campos@austintexas.gov

Final Adjusted Goal

The recommended DBE Goal for FY 2024-2026 is 11.75%. The City projects it will meet 11.75% of this goal through race-conscious means and 0.00% through race-neutral measures. The proposed DBE Goal is the sum of the race-conscious participation and the race-neutral participation.

DBE participation for FAA assisted projects will be evaluated annually to determine whether

³Official institutional guidance from USDOT states that the consultation process with knowledgeable stakeholders facilitates information concerning the availability of DBEs and non-DBEs. It indicates that by definition, the process of consultation involves a scheduled face-to-face conference or meeting of some kind with individuals or groups of interested persons for the purpose of developing and/or assessing a proposed goal and methodology and seeking information and advice before a decision is made. See <https://www.transportation.gov/civil-rights/disadvantaged-business-enterprise/official-questions-and-answers-gas-disadvantaged>.

market conditions warrant adjustments to the overall DBE goal and/or individual race-neutral and race-conscious components.