

**2019-
2021**

**Municipality of
Anchorage-
FAA Goal
Methodology**



FAA GOAL METHODOLOGY

MOA (Municipality of Anchorage)

FAA Goal Methodology

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FAA DBE Goal Development

Overall DBE Goal

As the recipient of FAA federal funds, the Municipality of Anchorage, Merrill Field airport (MRI) must set an overall goal for Disadvantaged Business Enterprises (DBE) to participate in U.S. Department of Transportation assisted contracts. The overall race-neutral goal provides for participation by certified DBEs and will not be subdivided into group specific goals. Further, no contractor will be subject to a quota, set aside, or preference.

Name of Recipient: Municipality of Anchorage (Merrill Field Airport - MRI)

Goal Period: FY-2019-21

October 1, 2018 through September 30, 2021

DOT-assisted contract amount:	FY 2019	\$6,375,000
	FY 2020	\$6,800,000
	FY 2021	\$3,600,000
Total		\$ 16,775,000

Overall Three-Year Goal: 7.7 % to be accomplished through RN (Race Neutral) methods

Total dollar amount to be expended on DBE's over the next three years: \$1,291,675

Merrill Field Anticipates the following projects over the next three years:

- Projects Fiscal Year 2019 (\$6,375,000)
 1. Reconstruct Primary Access Road Phase 1 – \$1,000,000 to \$5,000,000 (mean: \$3,000,000)
 2. Reconstruct TWY Charlie South Apron – \$2,000,000
 3. Runway Incursion Mitigation Plan (RIMP) Phase 1 (TWY Charlie Lighting) - \$1,000,000
 4. Remove Obstructions (Sandoval Property) -\$375, 000

- Projects Fiscal Year 2020 (\$6,800,000)
 1. Reconstruct Primary Access Road Phase 2 – \$1,000,000 to \$5,000,000 (mean: \$3,000,000)
 2. Reconstruct RWY 7/25 - \$3,000,000
 3. Runway Incursion Mitigation Plan Phase 2 – \$ 800,000

- Projects Fiscal Year 2021 (\$3,600,000)
 1. Reconstruct Primary Access Road Phase 3 – \$1,000,000 to \$5,000,000 (mean: \$3,000,000)
 2. Runway Incursion Mitigation Plan Phase 3 – \$ 600,000

Market Area: *Municipality of Anchorage and surrounding areas/ Alaska Central Region*

We have determined that our market area is the Municipality of Anchorage and Surrounding Areas of the Matanuska Borough and the Kenai Peninsula Borough.

Step 1. Base Figure 26.45(c) Actual relative availability of DBE's

The statistical data for our base figure comes from two distinct sources. The number of available DBE's can be found on the Alaska Department of Transportation & Public Facilities Civil Rights Office's website. The relevant category is the CR or Central Region. This includes Anchorage as well as the surrounding areas. The total number of available firms comes from the Federal Government's data from the US Census County Business Patterns. Since the category CR or Central Region is not found on the federal data, our office used 75% of the statewide availability number. Our other option was adding data for the Anchorage, Matanuska-Susitna and Kenai Peninsula Boroughs. Since the numbers (75% of Alaska and Anchorage+Mat-Su+Kenai) were very similar, for simplicity 75% of the total Alaska statewide firms available was used.

We used a weighting to make sure our Step One Base Figure is as accurate as possible. Using information obtained from previous Merrill Field projects, we used the best estimate of weighting available to our office.

FY 2019

- Reconstruct Primary Access Road Phase 1 - \$1,000,000 to \$5,000,000 (mean: \$3,000,000)

NAICS Code	Type of Work	# DBE Firms	Number of All Firms*	%	Weight	Weighted Percent
54162	Environmental Consulting Service	45	58	78%	3%	2.3 %
54137	Surveying and Mapping Services	12	53	23%	5%	1.1 %
23891	Site Preparation Contractors	29	158	18%	12%	2.2 %
23799	Other Heavy and Civil Engineering Construction	15	28	54%	5%	2.7 %
48422	General Freight Trucking, Local	4	46	9%	25%	2.2 %
324121	Asphalt Paving Mixture and Manufacturing	1	20	5%	25%	1.3 %
23899	All other Specialty Trade Contractors	9	84	11%	13%	1.4 %
56173	Landscaping Services	4	115	3%	10%	0.3 %
56199	All Other Support Services	6	35	17%	2%	0.3 %
Total						13.8 %

- Reconstruct TWY Charlie South Apron – \$2,000,000

NAICS Code	Type of Work	# DBE Firms	Number of All Firms*	Percent	Weighting	
54162	Environmental Consulting Service	45	58	78%	3 %	2.3 %
54137	Surveying and Mapping Services	12	53	23%	5 %	1.1 %
23891	Site Preparation Contractors	29	158	18%	15 %	2.8 %
23799	Other Heavy and Civil Engineering Construction	15	28	54%	5 %	2.7 %
48422	General Freight Trucking, Local	4	46	9%	15 %	1.3 %
324121	Asphalt Paving Mixture and Manufacturing	1	20	5%	15%	0.8 %
23899	All other Specialty Trade Contractors	9	84	11%	35 %	3.8 %
56173	Landscaping Services	4	115	3%	7%	0.2 %
Total						15.0 %

- Runway Incursion Mitigation Plan (RIMP) Phase 1 (TWY Charlie Lighting) - \$1,000,000

NAICS Code	Type of Work	# DBE Firms	Number of All Firms*	Percent	Weight	Weighted Percent
23821	Electrical Contractors	9	173	5%	70 %	3.6 %
54137	Surveying and Mapping Services	12	53	23%	5 %	1.1 %
54162	Environmental Consulting Services	45	58	78%	5 %	3.9 %
23899	All Other Specialty Trade Contractor	17	56	30%	20%	6.0 %
Total						14.6 %

- Remove Obstructions (Sandoval Property) \$375,000

NAICS Code	Type of Work	# DBE Firms	Number of All Firms*	Percent	Weight	Weighted Percent
56291	Remediation Services	14	62	23%	15 %	3.4 %
562998	All Other Waste Management Services	1	3	33%	5 %	1.7 %
54162	Environmental Consulting Service	45	58	78%	10 %	7.8 %
56173	Landscaping Services	4	115	3%	70 %	2.4 %
Total						15.3 %

*calculated as 75% of Central Region

2019 Weighted Calculation:

$$(13.8\%)*(\$3,000,000) + (15.0\%)*(\$2,000,000) + (14.6\%)*(\$1,000,000) + (15.3\%)*(\$375,000) = \mathbf{\$917,375}$$

FY 2020

- Reconstruct Primary Access Road Phase 2 - \$1,000,000 to \$5,000,000 (mean: \$3,000,000)

NAICS Code	Type of Work	# DBE Firms	Number of All Firms*	%	Weight	Weighted Percent
54162	Environmental Consulting Service	45	58	78%	3%	2.3 %
54137	Surveying and Mapping Services	12	53	23%	5%	1.1 %
23891	Site Preparation Contractors	29	158	18%	12%	2.2 %
23799	Other Heavy and Civil Engineering Construction	15	28	54%	5%	2.7 %
48422	General Freight Trucking, Local	4	46	9%	25%	2.2 %
324121	Asphalt Paving Mixture and Manufacturing	1	20	5%	25%	1.3 %
23899	All other Specialty Trade Contractors	9	84	11%	13 %	1.4 %
56173	Landscaping Services	4	115	3%	10%	0.3 %
56199	All Other Support Services	6	35	17%	5 %	0.3 %
Total						13.8 %

- Reconstruct RWY 7/25 - \$3,000,000

NAICS Code	Type of Work	# DBE Firms	Number of All Firms*	%	Weight	Weighted Percent
54162	Environmental Consulting Service	45	58	78%	3 %	2.3 %
54137	Surveying and Mapping Services	12	53	23%	5 %	1.1 %
23891	Site Preparation Contractors	29	158	18%	12 %	2.2 %
23799	Other Heavy and Civil Engineering Construction	15	28	54%	5 %	2.7 %
48422	General Freight Trucking, Local	4	46	9%	25 %	2.2 %
324121	Asphalt Paving Mixture and Manufacturing	1	20	5%	25 %	1.3 %
23899	All other Specialty Trade Contractors	9	84	11%	13 %	1.4 %
56173	Landscaping Services	4	115	3%	10 %	0.3 %
56199	All Other Support Services	6	35	17%	2 %	0.3 %
Total						13.8 %

- Runway Incurion Mitigation Plan (RIMP) Phase 2 - \$ 800,000

NAICS Code	Type of Work	# DBE Firms	Number of All Firms*	Percent	Weight	Weighted Percent
23821	Electrical Contractors	9	173	5%	70 %	3.6 %
54137	Surveying and Mapping Services	12	53	23%	5 %	1.1 %
54162	Environmental Consulting Services	45	58	78%	5 %	3.9 %
23899	All Other Specialty Trade Contractor	17	56	30%	20%	6.0 %
Total						14.6 %

*calculated as 75% of Central Region

2020 Weighted Calculations:

$$(13.8\%)*(\$3,000,000) + (13.8\%)*(\$3,000,000) + (14.6%)*(\$800,000) = \mathbf{\$944,800}$$

FY 2021

- Reconstruct Primary Access Road Phase 3 - \$1,000,000 to \$5,000,000 (mean: \$3,000,000)

NAICS Code	Type of Work	# DBE Firms	Number of All Firms*	%	Weight	Weighted Percent
54162	Environmental Consulting Service	45	58	78%	3%	2.3 %
54137	Surveying and Mapping Services	12	53	23%	5%	1.1 %
23891	Site Preparation Contractors	29	158	18%	12%	2.2 %
23799	Other Heavy and Civil Engineering Construction	15	28	54%	5%	2.7 %
48422	General Freight Trucking, Local	4	46	9%	25%	2.2 %
324121	Asphalt Paving Mixture and Manufacturing	1	20	5%	25%	1.3 %
23899	All other Specialty Trade Contractors	9	84	11%	13 %	1.4 %
56173	Landscaping Services	4	115	3%	10%	0.3 %
56199	All Other Support Services	6	35	17%	2 %	0.3 %
Total						13.8 %

- Runway Incursion Mitigation Plan (RIMP) Phase 3 (TWY Charlie Lighting) - \$ 600,000

NAICS Code	Type of Work	# DBE Firms	Number of All Firms*	Percent	Weight	Weighted Percent
23821	Electrical Contractors	9	173	5%	70 %	3.6 %
54137	Surveying and Mapping Services	12	53	23%	5 %	1.1 %
54162	Environmental Consulting Services	45	58	78%	5 %	3.9 %
23899	All Other Specialty Trade Contractor	17	56	30%	20%	6.0 %
Total						14.6 %

*calculated as 75% of Central Region

2021 Weighted Calculations:

$$(13.8\%) * (\$3,000,000) + (14.6\%) * (\$600,000) = \mathbf{\$501,600}$$

$$\mathbf{3\text{-Year Totals: } \$917,375 + \$944,800 + \$501,600 = \$2,363,775}$$

$$\mathbf{\text{Weighted Percent for 2019-2021 } \$2,363,775 / \$16,775,000 = 14.1\%}$$

Base figure = 14.1 % of all firms ready, willing and able.

The data source used to derive the numerator was: Alaska Unified Certification Program (AUCP) Disadvantaged Business Enterprise (DBE) Directory (<http://www.dot.state.ak.us/cvlrts/directory.shtml>)

The data source used to derive the denominator was: United States Census Bureau, County Business Patterns (CBP) (<http://www.census.gov/programs-surveys/cbp/data.html>)

Step 2. Adjustments 26.45(d): Adjustments to Step 1 base figure.

Step 2. Analysis: Adjustments to Step 1 base figure

Adjustment: Calculated MEDIAN of previous 3-year DBE Participation

2015	1.76%
2016	0.98%
2017	1.20%
Median*	1.2%

*The median was found by finding the middle percent over the three year period.

0.98%, **1.20%**, 1.76%,

The Step-2 adjustment averages (mean) the Base Figure (14.1 %) with the 3-year past participation median of 1.2 %. $(14.1 + 1.2)/2 = 7.7\%$

Thus, the Municipality's overall goal for FY 2019-2021 is 7.7 % of the federal financial assistance the Municipality would expend in FAA assisted contracts. The 7.7 % goal will be achieved exclusively through race neutral methods.

PUBLIC PARTICIPATION

There were two public meeting regarding this goal setting process.

Tuesday, August 14th from 12-1:30 pm in the Purchasing Conference Room, Suite 520

Thursday, August 16th from 6:30-8 pm in the Ombudsman Conference Room, Suite 150

Both meetings were at Anchorage City Hall, 632 W. 6th Ave. Anchorage, AK

The invitation was sent to 363 businesses/people. 13 emails were undeliverable, 22 RSVP'd and 15 people attended the meetings. In addition, two individuals emailed DBE goal suggestions but were unable to attend the meetings.

See attached invitation.

See attached public meeting comments.

PUBLIC NOTICE

The Municipality of Anchorage hereby announces its fiscal years 2019 through 2021 goal of 6.4% for Disadvantaged Business Enterprise (DBE) airport construction contracts. The proposed goals and rationale is available for inspection between 8:00 a.m. and 5:00 p.m., Monday through Friday for 30 days from the date of this publication at:

Office of Equal Opportunity
632 W 6th Avenue (City Hall), Suite 170
Anchorage, AK 99501

This information is also accessible on the Municipal website at www.muni.org. (See "What's New") Comments on the DBE goal will be accepted for 30 days from the date of this publication and can be sent to the following:

Heather MacAlpine
DBELO/Director
Office of Equal Opportunity
Municipality of Anchorage
907-343-4890
macalpineh@muni.org

AND

Sonia G. Cruz
Office of Civil Rights – ACR-4
Federal Aviation Administration
Phone: 310-725-3940
Fax: 310-725-6819
sonia.cruz@faa.gov

The FAA DBE Goal is also posted on the Municipality of Anchorage's Office of Equal Opportunity's webpage.



OFFICE OF EQUAL OPPORTUNITY

Municipality of Anchorage

Ethan Berkowitz, Mayor

REMINDER ... Please note room changes*

DISADVANTAGED BUSINESS ENTERPRISES PUBLIC PARTICIPATION MEETING

As a recipient of the Federal Department of Transportation (FTA-Transit) and Federal Aviation Administration (FAA-Merrill Field) Federal Funds, The Municipality of Anchorage (MOA) is seeking public participation from minorities, women, 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, the effect of discrimination on opportunities for DBEs and ways to establish a level playing field and provide fair participation for DBEs.

Interested parties are encouraged to attend this meeting. Information and comments from all interested parties will be used to assist the MOA with establishing DBE utilization goals for 2019-2021.

For your convenience, we are scheduling two MOA Public Participation Meetings. The first will be **Tuesday, August 14th from 12-1:30 pm in the Purchasing Conference Room Suite 520*** and the second will be **Thursday, August 16th from 6:30-8 pm in the Ombudsman Conference Room Suite 150***.

Participants Access: Individuals, who require special accommodations or assistance to participate, please call (907) 343-4878 or email OEO@muni.org. We are able to offer, upon request, reasonable accommodations for special needs related to disabilities.

Nondiscrimination: It is the policy of the MOA that no person will be excluded from participation in or be excluded benefits of any programs, services, or activities we provide bases on race, religion, sexual orientation, color, gender, age, marital status, ability or national origin.

Please RSVP to Betsy Eisses at the Municipality of Anchorage, Office of Equal Opportunity. P.O. Box 16650, Anchorage, AK 99519-6650 or Email: OEO@muni.org. Phone: (907) 343-4878 Fax: (907) 343-4875

Sponsored by the Municipality of Anchorage, **OFFICE of EQUAL OPPORTUNITY**

Required public meeting for discussion of goal methodology took place on August 14 and 16, 2018.

Meetings were scheduled over lunch (August 14, noon-1:30 p.m.) and evening (August 16, 6:30-8:00 p.m.) to allow for maximum participation. The noon meeting was substantively more popular with approximately 15 RSVPs while the evening meeting had 3, but only one DBE attended. Both meetings had the same format, DBELO Heather MacAlpine welcomed attendees and facilitated introductions, then DBE Officer Betsy Eisses presented a short slide show detailing the process for calculating the suggested DBE goals.

There were several general questions from the assistant manager of the Merrill Field airport, prompting Betsy to explain the reporting schedule (goal due August 1), how often the MOA certifies firms, (certification is through the AUCP on an ongoing basis) and the difference between race-neutral and race-conscious goals. The DBELO gave a brief overview of why the MOA is fully race-neutral, and explained that the DBE program is still vital but that in the 9th judicial district there is an added level of scrutiny for race-conscious programs. Because the MOA has not conducted a disparity study, we run a wholly race-neutral program.

Other comments brought up during the meeting included an observation that primes are self-performing a lot of the available subcontractable work, and that without race-conscious goals it was difficult for DBEs to get contracted and that this was evidenced by the significant drop in DBE participation rates reported in the methodology. One DBE commented that by weighting our goals more from an aspirational point based on availability of DBEs rather than past performance, the office is “setting yourself up for failure.” The DBELO responded that while past performance is important, the office also was dedicated to improving past performance through outreach and education and that in 2018 we have seen some improvement and we hope to continue that trend.

The DBE officer stated she had analyzed some former projects and found that DBEs that bid on projects were more statistically likely to be awarded the project than the prime contractors were. This should be encouraging to DBEs to continue to submit bids to prime contractors.

The Transit Director shared how when she previously worked for the Transit Department the FTA Civil Rights Office had cut federal funding to the MOA in response to issues with the DBE program. She stated that it was a very real possibility when sincere efforts were not being made to administer and adhere to the federal regulations, and encouraged all participants whether prime or subcontractors that this is an important program. She expressed appreciation for the efforts of the current DBE staff to be sure the program is administered properly.

There was brief discussion regarding whether the only route back to race-conscious was through a disparity study. The DBELO said DOT Civil Rights Officers could require goal-setting in specific cases. She stated that the state of Alaska had completed a disparity study in 2014 and found no evidence of discrimination in the Anchorage area so it was unlikely that the MOA would commission another study or that we would be going back to race-conscious in the foreseeable future. She reiterated that the office is dedicated to doing their best to improve DBE participation through what means are currently available, including current efforts to implement a municipally certified small business program.

After the August 14 the office received insightful comments from one of the DBEs present which are attached hereto.

Eisses, Elizabeth A. (Betsy)

From: Robin Reich <robin@solsticeak.com>
Sent: Thursday, August 16, 2018 4:05 PM
To: MacAlpine, Heather
Cc: Eisses, Elizabeth A. (Betsy)
Subject: RE: DBE Goal Setting Meeting

Hi-
Thanks for the response. You are welcome to use my comments in your report.

I appreciate all that you're doing to help, really.

Just a caution...not all small businesses are DBEs. (In fact, 72% are owned by white folks and although 41% of all small businesses with 2-4 employees are run by women, only 22% of small businesses with 100-500 people are run by women.)

As you can imagine, DBEs face additional challenges including a lack of credit history, generational wealth, and professional networks, and the DBE program exists for a reason. It is harder for DBEs to start and stay in business because we have hurdles that non-DBE small businesses face, including access to capital, connections to clients, and to be candid, racism and sexism. In my opinion, "set-asides" (like race-conscious measures) remain important factors in the success of many women and minority-owned businesses. I do understand that a small business program is something that the Municipality has the "power" to implement; however, relying on a small business element doesn't help that much; DBEs must still compete with other small businesses, which as stated above are better situated to compete.

Again, I know you're working to help all DBE succeed, and we thank you for all that you are doing on our behalf.

Robin Reich
Office: 907.929.5960
Cell: 907.903.0597

From: MacAlpine, Heather <MacAlpineH@ci.anchorage.ak.us>
Sent: Wednesday, August 15, 2018 5:37 PM
To: Robin Reich <robin@solsticeak.com>
Cc: Eisses, Elizabeth A. (Betsy) <EissesEA@muni.org>
Subject: RE: DBE Goal Setting Meeting

Robin,

Thank you so much for attending the meeting and for your thoughtful comments. With your permission I will include them in our report to the FAA. I do think your comments were very much on point, although I'm sure you understand I have to hold out hope that we can make progress without the race-conscious component as that is not at this time in the foreseeable future.

Specifically to your point 4, I would like to say out that we have made some progress this year. For FTA, for the first half of the year we have are at 4% utilization and the current Merrill Field project got 14% DBE participation. These are just initial results, but of course we hope to continue the upward trend. As far as having a plan in place, we are currently working with our Legal Department to formulate concrete plans for the implementation of a Small Business Element (SBE) within our DBE program that would allow for enforceable goals on federally funded DOT projects. Although these

goals would not be specific to DBEs, they will only be applicable to small businesses of a proportionate size to DBEs and DBEs will be presumptively eligible (in other words, no additional paperwork for DBEs!)

I hope this gives you some encouragement and again I am very appreciative of you taking the time to come and to share your thoughts. I know you have a certain level of frustration with the program and I am always open to more discussion or suggestions and will do my best to answer any questions. I can't deny I have found the implementation of this program challenging (to say the least) but I persevere because each small step brings us a little closer to the goal which in the end is not some hypothetical number of "aspirational participation" but to be instrumental in assisting small business owners to have equitable access to contracting opportunities with the MOA.

Thank you again for your comments.

Heather

From: Robin Reich [<mailto:robin@solsticeak.com>]

Sent: Tuesday, August 14, 2018 5:16 PM

To: Eisses, Elizabeth A. (Betsy) <EissesEA@muni.org>; MacAlpine, Heather <MacAlpineH@ci.anchorage.ak.us>

Subject: RE: DBE Goal Setting Meeting

Good afternoon-

Thanks for the meeting (and lunch!) today. Your presentation was very helpful. Here are a few comments:

- 1) On whole your goal setting methodology is simple and easily comprehended. In general, I agree with the FAA DBE utilization goal for FY 2019-2021 for the Municipality.
- 2) It is difficult to understand why FAA continues to fund projects at Merrill Airport considering extremely poor DBE utilization over the past 5 years. While I understand that there are few projects funded by the FAA each year, the funding amount is high.
- 3) It is notable that the reduction in DBE utilization coincides with the Municipality's transition to a race-neutral DBE program. Race-neutral measures do not appear to be working, and in the absence of DBE goals, DBEs are not being utilized. There needs to be a race-conscious component to the overall DBE goal. I understand the decrease in DBE utilization may not in itself constitute evidence of discrimination and therefore not meet the requirements of the 9th Circuit; however, it will be difficult to meet the proposed goal without incentives for primes to use DBEs.
- 4) Methods for increasing DBE utilization on FAA (and FTA) projects need to be stated in the report. DBE participation will not improve because a new (lower) goal is set and there is some public outreach associated with the change. There needs to be a well thought out plan for increasing DBE utilization, which could include unbundling contracts/projects, increasing outreach and education to primes, assisting DBEs to obtain bonding and capital needed to bid on projects, etc.
- 5) It is time for the Municipality to work with the FAA to find funding for and then conduct a disparity study. FAA needs to better understand why DBE utilization is so low at the airport and uncover whether there are underlying issues.
- 6) It appears that the Office of Equal Opportunity is left "holding the bag" for the low DBE utilization. It is the airport's responsibility for meeting this goal, since ultimately they receive FAA funding. Unfortunately for OEO (and DBEs), the Airport makes decisions on how work is bid and contractors are selected, and then appears to blame others for not falling short of DBE utilization goals. FAA need to work directly with the airport so that they understand the issue.

Thanks for the opportunity to comment. I sincerely appreciate all the work you do on behalf of DBEs.

Robin Reich, President
Environmental Planner

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2607 Fairbanks St. #B
Anchorage, AK 99503
907.929.5960
Cell: 907.903.0597



www.solsticeak.com

From: Eisses, Elizabeth A. (Betsy) <EissesEA@muni.org>
Sent: Friday, August 10, 2018 4:00 PM
To: Office of Equal Opportunity <OfficeofEqualOpportunity@ci.anchorage.ak.us>
Subject: DBE Goal Setting Meeting

Good Afternoon!

Please see attached information regarding the FAA Goal Methodology for 2019-2021.

As a reminder, our public meetings will be held next Tuesday from 12-1:30 (sandwiches provided) and Thursday from 6:30 -8 pm (snacks provided). Both meetings will be held at City Hall.

Please RSVP if you haven't already! Hope to see you there.

Betsy

Elizabeth (Betsy) Eisses
DBE/Small Business Officer
Office of Equal Opportunity
Municipality of Anchorage
907-343-4878



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