

FY 2024 – FY 2026

**DISADVANTAGED BUSINESS ENTERPRISE PROGRAM METHODOLOGY
FOR**



NORFOLK INTERNATIONAL AIRPORT

NORFOLK, VIRGINIA

SEPTEMBER 2023

METHODOLOGY for Establishing the FY 2024 – FY 2026 Overall Disadvantaged Business Enterprise (DBE) Goal for:

*NORFOLK INTERNATIONAL AIRPORT
Norfolk, Virginia*

In fulfillment of the requirements of 49 CFR Part 26, the Norfolk Airport Authority (hereafter ‘the Airport Authority’) has developed a proposed Overall Goal for FY 2024-2026 FAA-AIP projects for the Norfolk International Airport. The methodology used in establishing this goal is described herein.

Airport Sponsor: **Norfolk Airport Authority**

Airport: **Norfolk International Airport**

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I. Detailed Methodology: Specific Steps

A. Amount of Goal

The Authority’s FY 2024-2026 overall goal for the Federal financial assistance it will expend in USDOT-assisted contracts is the following:

	<u>Overall</u>	<u>Race Neutral</u>	<u>Race Conscious</u>
Total Goal	11.53%	0.50%	11.03%
Year 1 Goal	13.85%	0.50%	13.35%
Year 2 Goal	9.75%	0.50%	9.25%
Year 3 Goal	15.18%	0.50%	14.68%

Given the amount of USDOT-assisted contracts that the Airport Authority expects to let from FY 2024-2026, which is approximately **\$36,625,000**, this means that the Authority has set a goal of expending approximately **\$4,224,488** 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 Authority 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: Market Area for Norfolk International Airport

City	Bidders	% Bidders	Dollars	% Dollars
Chesapeake	6	8.8%	-	0.00%
Hampton	6	8.8%	-	0.00%
Newport News	4	5.9%	-	0.00%
Norfolk	18	26.5%	\$30,209,927	89.37%
Portsmouth	3	4.4%	-	0.00%
Virginia Beach	9	13.2%	-	0.00%
Williamsburg	2	2.9%	-	0.00%
Market Area	48	70.6%	\$30,209,927	89.37%
<i>Other</i>	<i>20</i>	<i>29.4%</i>	<i>\$3,594,500</i>	<i>10.63%</i>
Total	68	100.0%	\$33,804,427	100.00%

C. Determination of relevant NAICS codes

Based on information provided by the Airport Authority 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: Norfolk International Airport
FY 2024 Projects & Activities**

Project	Step 1 Goal	AIP Dollars
1. Runway 5/23 Rehabilitation of Existing Concrete Pavement (Ph 2 of 2 - 5 End) - Construction	18.09%	\$10,000,000
Fiscal Year 2024 Total		\$10,000,000

SOURCE: Norfolk International Airport

**Table 2b: Norfolk International Airport
FY 2025 Projects & Activities**

Project	Step 1 Goal	AIP Dollars
2. Closure of Runway 14/32 (Design)	6.09%	\$1,125,000
3. Departures Terminal Program (Ticket Lobby and CBIS Construction Docs / CMR Fees / Construction)	7.85%	\$16,000,000
4. Runway 5/23 Reconstruction - Design (70% Pavement / 30% Lighting)	18.09%	\$5,000,000
Fiscal Year 2025 Total		\$22,125,000

**Table 2c: Norfolk International Airport
FY 2026 Projects & Activities**

Project	Step 1 Goal	AIP Dollars
5. Runway 5/23 Reconstruction - Construction Phase 1 of 4 (Grading and Drainage Improvements)	20.76%	\$4,500,000
Fiscal Year 2026 Total		\$4,500,000

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

**Table 3a: Step 1 Base Figure
Norfolk International Airport**

1. FY 2024 - Runway 5/23 Rehabilitation of Existing Concrete Pavement (Ph 2 of 2 - 5 End) - Construction						
Trades	NAICS	# of DBE Firms	All Firms	%DBE Availability	NAICS Dollars	DBE Dollars
Highway & Street	237310	7	37	18.92%	4,537,037	\$858,358
Electrical	238210	18	289	6.23%	1,944,444	\$121,107
Site Prep	238910	21	62	33.87%	1,900,000	\$643,548
Engineering	541330	21	345	6.09%	1,000,000	\$60,870
Geotechnical Testing	541380	6	26	23.08%	518,519	\$119,658
Landscaping	561730	24	433	5.54%	100,000	\$5,543
Total					\$10,000,000	\$1,809,084
Weighted Base Figure						18.09%

**Table 3b: Step 1 Base Figure
Norfolk International Airport**

2. FY 2025 - Closure of Runway 14/32 (Design)						
Trades	NAICS	# of DBE Firms	All Firms	%DBE Availability	NAICS Dollars	DBE Dollars
Engineering	541330	21	345	6.09%	\$684,783	\$41,682
Total					\$684,783	41,682
Weighted Base Figure						6.09%

**Table 3c: Step 1 Base Figure
Norfolk International Airport**

3. FY 2025 - Departures Terminal Program (Ticket Lobby and CBIS Construction Docs / CMR Fees / Construction)						
Trades	NAICS	# of DBE Firms	All Firms	%DBE Availability	NAICS Dollars	DBE Dollars
Building Construction	236220	25	176	14.20%	\$4,980,794	\$707,499
Concrete	238110	14	72	19.44%	\$388,085	\$75,461
Roofing	238160	11	78	14.10%	\$467,053	\$65,866
Electrical	238210	18	289	6.23%	\$1,149,143	\$71,573
Mechanical	238220	5	464	1.08%	\$2,259,236	\$24,345
Carpentry	238350	4	118	3.39%	\$1,116,309	\$37,841
Site Prep	238910	21	62	33.87%	\$351,862	\$119,179
Conveyor and Conveying Equipment Manufacturing	333922	0	0	0.00%	\$2,439,287	\$0
Furnishing	423220	0	13	0.00%	\$311,592	\$0
Engineering	541330	21	345	6.09%	\$2,536,639	\$154,404
Total					\$16,000,000	\$1,256,169
Weighted Base Figure						7.85%

**Table 3d: Step 1 Base Figure
Norfolk International Airport**

4. FY 2025 - Runway 5/23 Reconstruction - Design (70% Pavement / 30% Lighting)						
Trades	NAICS	# of DBE Firms	All Firms	%DBE Availability	NAICS Dollars	DBE Dollars
Highway & Street	237310	7	37	18.92%	\$2,268,519	\$429,179
Electrical	238210	18	289	6.23%	\$972,222	\$60,554
Site Prep	238910	21	62	33.87%	\$950,000	\$321,774
Engineering	541330	21	345	6.09%	\$500,000	\$30,435
Geotechnical Testing	541380	6	26	23.08%	\$259,259	\$59,829
Landscaping	561730	24	433	5.54%	\$50,000	\$2,771
Total					\$5,000,000	\$904,542
Weighted Base Figure						18.09%

**Table 3e: Step 1 Base Figure
Norfolk International Airport**

5. FY 2026 - Runway 5/23 Reconstruction - Construction Phase 1 of 4 (Grading and Drainage Improvements)						
Trades	NAICS	# of DBE Firms	All Firms	%DBE Availability	NAICS Dollars	DBE Dollars
Drainage	237990	7	33	21.21%	\$2,258,347	\$479,043
Site Prep	238910	21	62	33.87%	\$953,895	\$323,093
Engineering	541330	21	345	6.09%	\$810,811	\$49,354
Geotechnical Testing	541380	6	26	23.08%	\$119,237	\$27,516
Environmental Consulting	541620	12	34	35.29%	\$119,237	\$42,084
Landscaping	561730	24	433	5.54%	\$238,474	\$13,218
Total					\$4,500,000	934,308
Weighted Base Figure						20.76%

SOURCES:

1. 2021 County Business Patterns, U.S. Census Bureau.
2. Virginia UCP DBE Directory, August 2023.

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 Authority can be found in tables 2a – 2c.

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: Norfolk International Airport
DBE Accomplishment**

Report Period	Approved DBE Goal	Total DBE Percent Achieved	Achieved Over/Under
FY 2018	9.1%	8.2%	-0.9%
FY 2019	9.1%	9.6%	0.5%
FY 2020	9.1%	15.0%	5.9%
FY 2021	6.2%	13.6%	7.4%
FY 2022	10.9%	6.7%	-4.2%
MEDIAN	9.1%	9.6%	0.5%

The median DBE accomplishment for the periods as shown above for the Airport Authority is **9.6%**.

B. Consultations

Before establishing the overall goal this year, the Airport Authority 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 Authority's efforts to establish a level playing field for the participation of DBEs.

The Airport Authority held a virtual public meeting on August --, 2023. 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 Authority's effort to increase DBE participation. Please see Appendix A for the attendee list and public comments.

C. Adjustment to Step 1 DBE Base Figures: Norfolk International Airport, FY 2024-FY 2026

With the adjustment factors considered to this point, the Airport Authority will adjust the Step 1 base figures as calculated above by adding the annual accomplishment factor derived in Table 4 above (9.6%) to the base figures, and averaging the total, for an adjusted overall DBE goal.

**Table 5: Norfolk International Airport
FY 2024 – FY 2026 Overall Goal**

Fiscal Year	Project	Step 1	Step 2 adjustment	Overall Goal	AIP Dollars	DBE Goal (dollars)
FY 2024	1. Runway 5/23 Rehabilitation of Existing Concrete Pavement (Ph 2 of 2 - 5 End) - Construction	18.09%	9.60%	13.85%	\$10,000,000	\$1,384,500
FY 2024 Total				13.85%	\$10,000,000	\$1,384,500
FY 2025	2. Closure of Runway 14/32 (Design)	6.09%	N/A	6.09%	\$1,125,000	\$68,478
	3. Departures Terminal Program (Ticket Lobby and CBIS Construction Docs / CMR Fees / Construction)	7.85%	9.60%	8.73%	\$16,000,000	\$1,396,084
	4. Runway 5/23 Reconstruction - Design (70% Pavement / 30% Lighting)	18.09%	9.60%	13.85%	\$5,000,000	\$692,271
FY 2025 Total				9.75%	\$22,125,000	\$2,156,834
FY 2026	5. Runway 5/23 Reconstruction - Construction Phase 1 of 4 (Grading and Drainage Improvements)	20.76%	9.60%	15.18%	\$4,500,000	\$683,154
FY 2026 Total				15.18%	\$4,500,000	\$683,154
FY 2024 - FY 2026 Overall Goal				11.53%	\$36,625,000	\$4,224,488

The total DBE goal in dollars was divided by the total federal portion of project costs to derive the overall DBE goal of **11.53%** for FY 2024-FY 2026.

III. Process

The Airport Authority normally submits its overall goal to the FAA on or before August 1 of each goal period.

Before establishing the overall goal this year, the Airport Authority 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 Authority's efforts to establish a level playing field for the participation of DBEs.

Following this consultation, the Airport Authority 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 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 2024 through FY 2026.

The Airport Authority's overall goal submission to the FAA will include a summary of information and comments received during this public participation process and our responses.

The Airport Authority will begin using the overall goal on October 1 of each year, unless the Airport Authority 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 Authority will meet the maximum feasible portion of its overall goal by using race-neutral means of facilitating DBE participation. The Airport Authority 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 Authority proposes a race-conscious goal of **11.03%** and a race-neutral goal of **0.5%**, for a total of **11.53%**. The reason for this breakout is that the projects from the previous years show that the median amount by which the past DBE goals were over-achieved is **0.5%** (see **Table 4**).

The Airport Authority 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.

V. Contract Goals

The Airport Authority will use contract goals to meet any portion of the overall goal that it 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 our overall goal that is not projected to be met through the use of race-neutral means.

The Airport Authority will establish contract goals only on those DOT-assisted contracts that have subcontracting possibilities. The Airport Authority need not 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 Authority will express its contract goals as a percentage of the Federal share of a DOT-assisted contract.

**Resources: Norfolk International Airport FY 2024 – FY 2026
Disadvantaged Business Enterprise Program Methodology**

A. Resource Documents:

1. Norfolk Airport Authority Capital Improvements Plan.
2. Virginia Unified Certification Program, DBE Directory.
3. Uniform Report of DBE Commitments/Awards and Payments
4. 2021 County Business Patterns, U.S. Census Bureau