

Los Angeles  
World Airports

Mr. Thomas Knox  
Civil Rights Division  
Federal Aviation Administration  
P.O. Box 92007  
Los Angeles, CA 90009

Re: Proposed Overall DBE Goal for FFY 2020-2022 for the FAA's Airport  
Improvement Program (AIP) Grant-Assisted Projects

LAX

Van Nuys

City of Los Angeles

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Mayor

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Justin Erbacci  
Interim Chief Executive Officer

Dear Mr. Knox:

As a recipient of the AIP grant, Los Angeles World Airports (LAWA) is required to establish an overall DBE goal for the Federal Aviation Administration (FAA) assisted contracts at Los Angeles International (LAX) and Van Nuys (VNY) airports in accordance with federal regulations of the U.S. Department of Transportation (USDOT) 49 CFR, Part 26 Subpart C §26.45.

As such, we hereby present our overall DBE goal of 9.88% for Federal Fiscal Years (FFY) 2020-2022. We propose to achieve this goal through 7.88% race-conscious measures and 2% race-neutral measures. Our DBE Goal Calculation and Methodology is discussed and documented below.

### AIP Eligible Projects

In developing our overall goal for DBE participation in FAA-assisted projects, we first identified the work categories of LAWA's Airport Capital Improvement Projects (ACIP) anticipated for award from October 1, 2019 through September 30, 2022.

We anticipate awarding 10 FAA-assisted contracts at total estimated costs of \$228.1 million in FFY 2020-2022, which would provide potential DBE participation as shown in Chart B below. Additional costs associated with these contracts, such as interdepartmental fees for inspectors, permit fees, proposal or bid preparation costs, and other in-house support costs will be funded by non-AIP funds.

As we identified the work categories of the ACIP projects, we were able to proceed with the appropriate goal-setting methodology for establishing our three-year overall DBE goal as discussed in detail below.



## **Overall DBE Goal Methodology (A Two-Step Process)**

LAWA's objective of setting an overall DBE goal is to provide equal access to opportunities and achieve a level playing field for DBE participation that could be realistically expected in the absence of discrimination.

Our analysis and methodology for calculating the overall DBE goal is relevant to FAA goal-setting guidance and in accordance with 49 CFR, Subpart C §26.45, which requires a two-step goal-setting process. This process provides flexibility for LAWA while ensuring that the DBE goal is determined based on availability of ready, willing, and able DBE firms in our geographic market area.

The following analysis and procedures used to develop our overall DBE goal is narrowly tailored to our specific geographic market area. The two-step process begins with the calculation of the base figure, and is followed by the adjustment to the base figure as discussed in detail below.

### **Step 1. Develop the Base Figure**

#### **Procedures:**

**a. Calculate availability of ready, willing and able DBEs relative to all businesses participating in LAWA's FAA-assisted contracts**

We utilized the data sources from the DBE directories and 2016 US Census County Business Patterns to determine the Base Figure. We performed a comparative analysis of the data sources to identify number of businesses in various counties within our geographic market area and compare the number of ready, willing and able DBE firms to all relative businesses that perform work in the same NAICS codes. We identified the NAICS codes based on the breakdown of work categories and estimated costs of each project.

As such, we determined that **8.47%** of the construction/specialty trade projects and **7.98%** of design/engineering related projects would represent the relative availability of DBE firms who are ready, willing and able to work on LAWA's FAA-assisted projects as presented in Chart A below.

To determine our geographic market area, we reviewed bidders list from previous fiscal years, including active participants list and determined that a substantial number of bidders and some successful contractors are located in Los Angeles, Orange, San Diego, and Ventura counties. Therefore, our analysis is based on the relative availability of businesses from the 2016 U.S. Census County Business Patterns within the counties of Los Angeles, Orange, San Diego, and Ventura in comparison to the number of relative California-based firms certified

as DBE by the City of Los Angeles, Los Angeles County Metropolitan Transportation Authority (METRO), and California Unified Certification Program (CUCP) agencies to arrive at the base figure percentage as presented in Chart C below.

As a summary, Chart A shows the percentages of DBE firms available to work on LAWA's FAA-assisted construction and design/engineering projects.

**Chart A – Ready, Willing, and Able DBEs and All Firms (DBEs and Non-DBEs)**

NAICS Construction Classifications (2016 Census)								
Revised 08/09/2019								
Work Categories (Construction/Specialty Trades, Design, Engineering and Others)	NAICS Code	Los Angeles County	Orange County	San Diego County	Ventura County	Total No. of Firms	Total No. of DBEs	% of DBEs (Available)
Highway and Street Construction	237310	80	66	75	14	235	188	80.00%
Other Heavy Construction	237990	41	42	27	7	117	115	98.29%
<b>Subtotal Heavy Construction</b>		<b>121</b>	<b>108</b>	<b>102</b>	<b>21</b>	<b>352</b>	<b>303</b>	<b>86.08%</b>
Electrical	238210	1886	872	776	234	3768	138	3.66%
Concrete	238110	244	147	165	63	619	93	15.02%
Structural Steel	238120	106	29	49	17	201	59	29.35%
Framing Contractors	238130	136	65	72	34	307	26	8.47%
Masonry Contractors	238140	203	117	133	53	506	28	5.53%
Other Building/Equipt.	238290	150	73	57	11	291	9	3.09%
Painting/Wall Covering	238320	716	400	374	112	1602	32	2.00%
Flooring Contractors	238330	340	161	206	40	747	12	1.61%
Finish Carpentry	238350	420	291	248	81	1040	23	2.21%
Other Building Finish	238390	170	125	89	18	402	17	4.23%
Excavation	238910	337	182	208	74	801	117	14.61%

Other Specialty Trade	238990	513	304	339	99	1255	150	11.95%
<b>Subtotal Specialty Trades</b>		<b>5221</b>	<b>2766</b>	<b>2716</b>	<b>836</b>	<b>11539</b>	<b>704</b>	6.10%
<b>Total Construction Categories</b>		<b>5342</b>	<b>2874</b>	<b>2818</b>	<b>857</b>	<b>11891</b>	<b>1007</b>	<b>8.47%</b>
Architectural Services	541310	1030	406	313	62	1811	96	5.30%
Engineering Services	541330	1600	1163	1106	248	4117	344	8.36%
Surveying Services	541370	57	47	54	10	168	56	33.33%
Testing Laboratories/ acoustics	541380	180	132	83	33	428	55	12.85%
Security Services	561612	625	154	141	34	954	46	4.82%
<b>Total Design and Other Categories</b>		<b>3492</b>	<b>1902</b>	<b>1697</b>	<b>387</b>	<b>7478</b>	<b>597</b>	<b>7.98%</b>

**b. Weight by type of project and type of firm that would bid on a project**

The next procedure is to weight the projects by the type of firms that would be expected to compete for FAA-assisted projects. We anticipated that between 79% and 89% of the work on the ACIP projects would be allocated to construction and performed by construction firms, and between 11% and 21% would be allocated to architectural design and engineering consulting services and performed by consulting firms as shown in Chart B below.

As a summary, Chart B shows the breakdown of estimated costs and the weighted base figure by types of ACIP projects based on various work categories of the construction and design/engineering projects. The weighted base figure represents the percentage of work that would be allocated to relative available DBEs.



**Chart B – Weighting the Relative Availability of DBE Firms by Type of Projects**

Types of ACIP Projects	Airport	Estimated Costs	Work Breakdown	DBE %	Weighted DBE Dollars
<b>FFY 2020 - 2022</b>					
<b>2020</b>					
<b>Construct Runway D Extension Between Taxiway C14 and Taxiway AA</b>	<b>LAX</b>				
<b>Estimated Project Cost</b>		\$ 35,000,000.00	79%	<b>8.47%</b>	\$ 2,964,500
<b>Estimated Soft Costs</b>		\$ 9,450,000.00	21%	<b>7.98%</b>	\$ 754,110
<b>Estimated Total Costs</b>		\$ 44,450,000.00			
<b>Reconstruction of Taxiway A and B, and Improve Lighting (Phase 4)</b>	<b>VNY</b>				
<b>Estimated Project Cost</b>		\$ 11,000,000.00	89%	<b>8.47%</b>	\$ 931,700
<b>Estimated Soft Costs</b>		\$ 1,375,000.00	11%	<b>7.98%</b>	\$ 109,725
<b>Estimated Total Costs</b>		\$ 12,375,000.00			
<b>Taxiway A and B Service Road Improvements (Ph 4)</b>	<b>VNY</b>				
<b>Estimated Project Cost</b>		\$ 2,150,000.00	89%	<b>8.47%</b>	\$ 182,105
<b>Estimated Soft Costs</b>		\$ 269,000.00	11%	<b>7.98%</b>	\$ 21,466
<b>Estimated Total Costs</b>		\$ 2,419,000.00			
<b>2021</b>					
<b>Construct North Airfield Exit Taxiways, Part 1</b>	<b>LAX</b>				
<b>Estimated Project Cost</b>		\$ 51,200,000.00	79%	<b>8.47%</b>	\$ 4,336,640
<b>Estimated Soft Costs</b>		\$ 13,824,000.00	21%	<b>7.98%</b>	\$ 1,103,155
<b>Estimated Total Costs</b>		\$ 65,024,000.00			
<b>Reconstruct Taxiway A and B and Improve Lighting (Phase 2)</b>	<b>VNY</b>				
<b>Estimated Project Cost</b>		\$ 22,060,000.00	79%	<b>8.47%</b>	\$ 1,868,482
<b>Estimated Soft Costs</b>		\$ 5,957,000.00	21%	<b>7.98%</b>	\$ 475,369

<b>Estimated Total Costs</b>		\$ 28,017,000.00			
<b>Rehabilitate Runway 16L-34R</b>	<b>VNY</b>				
<b>Estimated Project Cost</b>		\$ 6,025,000.00	79%	<b>8.47%</b>	\$ 510,318
<b>Estimated Soft Costs</b>		\$ 1,627,000.00	21%	<b>7.98%</b>	\$ 129,835
<b>Estimated Total Costs</b>		\$ 7,652,000.00			
<b>2022</b>					
<b>Construct North Airfield Exit Taxiways, Part 2</b>	<b>LAX</b>				
<b>Estimated Project Cost</b>		\$ 51,200,000.00	79%	<b>8.47%</b>	\$ 4,336,640
<b>Estimated Soft Costs</b>		\$ 13,824,000.00	21%	<b>7.98%</b>	\$ 1,103,155
<b>Estimated Total Costs</b>		\$ 65,024,000.00			
<b>Construct Bull Creek Service Road</b>	<b>VNY</b>				
<b>Estimated Project Cost</b>		\$ 400,000.00	79%	<b>8.47%</b>	\$ 33,880
<b>Estimated Soft Costs</b>		\$ 108,000.00	21%	<b>7.98%</b>	\$ 8,618
<b>Estimated Total Costs</b>		\$ 508,000.00			
<b>Rehabilitate Taxilane B1</b>	<b>VNY</b>				
<b>Estimated Project Cost</b>		\$ 1,561,000.00	79%	<b>8.47%</b>	\$ 132,217
<b>Estimated Soft Costs</b>		\$ 422,000.00	21%	<b>7.98%</b>	\$ 33,676
<b>Estimated Total Costs</b>		\$ 1,983,000.00			
<b>Rehabilitate Runway 16L-34RL</b>	<b>VNY</b>				
<b>Estimated Project Cost</b>		\$ 475,000.00	79%	<b>8.47%</b>	\$ 40,233
<b>Estimated Soft Costs</b>		\$ 129,000.00	21%	<b>7.98%</b>	\$ 10,294
<b>Estimated Total Costs</b>		\$ 604,000.00			
<b>Estimated Hard Cost (Construction)</b>		\$ 181,071,000			
<b>Estimated Soft Costs (Design)</b>		\$ 46,985,000			
<b>Total Estimated Costs</b>		<b>\$ 228,056,000</b>			<b>\$ 19,086,117</b>

As a summary, the DBE base figure of 8.37% was calculated by dividing the total weighted DBE dollars by total estimated contract costs as shown in Chart C below.

**Chart C – Summary of Base Figure Goal Calculation**

<b>Step 1 Summary</b>	
<b>Ready, Willing, and Able Firms by Work Category/NAICS Codes (Based on 2016 US Census Data):</b>	
No. of Establishments for Construction and Specialty Trades	11,891
No. of Establishments for Design and Engineering Services	7,478
<b>Total</b>	<b>19,369</b>
<b>Ready, Willing, and Able DBEs by Work Category/NAICS Codes:</b>	
No. of Available DBEs for Construction and Specialty Trades	1,007
No. of Available DBEs for Engineering Services	597
<b>Total</b>	<b>1,604</b>
<b>Percentage of Available DBE Firms (Ready, Willing, and Able) by Work Category and NAICS Codes:</b>	
Percentage of Relative Availability of DBEs for Construction	8.47%
Percentage of Relative Availability of DBEs for Engineering Services	7.98%
<b>Weighted DBE Dollars and Estimated Contract Costs:</b>	
Total Estimated/Weighted DBE Dollars	\$ 19,086,117
Total Estimated Contract Costs (Hard and Soft)	\$ 228,056,000
<b>Weighted DBE Percentage or Base Percentage of Relative Availability of DBEs (\$19,086,117/\$228,056,000)</b>	<b>8.37%</b>
<b>Base Figure</b>	<b>8.37%</b>

**Step 2. Adjust the Base Figure**

**Procedures:**

**a. Examine the evidence available to determine necessary adjustments**

We analyzed our historical and available data from accomplishment reports, stakeholder consultation, and research to determine adjustments to the base figure. After thorough analysis of all available data relevant to our geographic market area, we determined that the past DBE participations and accomplishments in the last three fiscal years would be the relevant information to adjust the Base Figure. The past participations represent similar opportunities that we projected for the next three fiscal years. The Uniform Report of DBE Commitments/Awards and Payments in the previous fiscal years shows the DBE participations and accomplishments as presented in Chart D below.



**Chart D – Past Participations and Accomplishments 2016-2018**

<b>Fiscal Year</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>
Overall Goal	4.15%	5.91%	5.91%
Accomplishment	11.40%	9.42%	11.87%

**b. Determine the median from the past participations and commitments**

The median commitment/award is 11.40% as shown in Chart D above.

**c. Average the median past participation to calculate the Overall DBE Goal**

In giving equal weight to the median achievement and the weighted percentage of certified DBE firms ( $11.40\% + 8.37\% = 19.77\% / 2$ ), we arrived at the adjusted base DBE goal of 9.88%.

**LAWA's Overall DBE Goal for FFYs 2020-2022**

Based on the volume of anticipated ACIP projects for the next three fiscal years, we predicted an increase of DBE participations for the next three fiscal years. LAWA's potential DBE participations are allocated by work categories at LAX and VNY airports. Therefore, LAWA's proposed overall DBE goal for both LAX and VNY airports is 9.88%.

**Notification to Business and Trade Organizations**

We sent written notifications to the following business and trade organizations that play active roles in the contracting process at LAWA:

- Asian Business Association
- Black Business Association
- Engineering Contractors Association
- Latin Business Association

The letters requested any anecdotal information these organizations may wish to provide concerning the availability of disadvantaged and non-disadvantaged businesses, effects of discrimination on opportunities for DBEs with the LAWA, and any other information to assist in the establishment of a level playing field for the participation of DBEs. A copy of the letter is attached. No comments were received from any of the notified organizations.

**Consultation with Stakeholders**

We also prepared a public notice of the proposed overall goal, informing the public that the proposed goal and its rationale were available for inspection during normal business hours at our principal office for 30 days following the date of the notice. We also stated that FAA and LAWA would accept comments on the goals for a period of 30 days following the date of the notice. The publication of this notice is available through LAWA's website: [www.lawa.org](http://www.lawa.org). No comments were received. LAWA will continue to engage stakeholder input throughout the year and reevaluate/revise the goals if indicated by our findings.

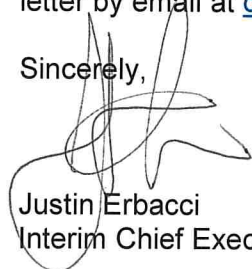


Additionally, a DBE Goal Setting Consultation Meeting was held on September 10, 2019 to discuss the FAA's guidance for goal-setting methodology as used by LAWA to arrive at the proposed overall DBE goal. LAWA invited 29 prime and DBE contractors to the meeting. LAWA staff responded to the various questions raised by the attendees during the stakeholder's meeting. A copy of the presentation was distributed to all attendees. LAWA has not received any comments and/ or suggestions to change the proposed overall DBE goal.

As such, LAWA hereby submits its Proposed Overall DBE Goal of 9.88% for FFY 2020-2022 for LAX and VNY airports of which 7.88% will be achieved through race-conscious measures and 2% through race-neutral measures.

You may contact Delia Sorronda (DBELO designee) of my staff for questions regarding this letter by email at [dgoodine@lawa.org](mailto:dgoodine@lawa.org) and by telephone at (424) 646-7374.

Sincerely,



Justin Erbacci  
Interim Chief Executive Officer

JR:BH:DSG

cc: Paula Adams, LAWA Director of Administration  
Brian Haig, DBELO/LAWA Procurement Director

Attachment