

Port of Portland FY11 - 13 Disadvantaged Business Enterprise (DBE) Goal

During Federal Fiscal Years FY11, FY12, FY13, October 1, 2010 – September 30, 2013, the Port of Portland plans to solicit bids/proposals for the following projects pending agreement of Port stakeholders:

Project Location	Fiscal Year(s)	Project Name	Estimate	Brief Description
Portland International Airport	2011	South Runway Rehab	\$66,700,000	Rehabilitate Runway 10R/28L. Scope includes surface and structural pavement rehabilitation where necessary.
Portland International Airport	2011 - 2013	Preconditioned Air PDX Gates	\$7,000,000	Install preconditioned air units at the remaining 35 loading bridges at PDX that currently do not have units including electrical system upgrades as required to meet additional electrical demand.
Portland International Airport	2012	Taxiway C East Rehabilitation	\$14,900,000	Rehabilitate taxiway C east of runway 3/21. Scope includes surface and structural pavement rehabilitation where necessary.
Portland International Airport	2013	RW 3/21 S Safety Area Grading	\$1,550,000	Re-grade and construct drainage improvements at the south end of runway 3/21.
Portland International Airport	2013	TW E North & Exits Rehab	\$9,300,000	Rehabilitate taxiway E and exits north of Runway 10R/28L. Scope includes surface and structural pavement rehabilitation where necessary.
Portland International Airport	2013	TW E South & Exits	\$11,600,000	Rehabilitate Taxiway E and exits south of Runway 10R/28L.
Portland	2013	TW E Centerline	\$1,900,000	Install centerline

International Airport		Lighting		lighting on Taxiway E between RWY 10L/28R and Taxiway E6.
Hillsboro Airport	2011	HIO Construct RW 12L/30R	\$6,455,000	Construct a new 3200' B-1 runway parallel to the main runway for use by light GA aircraft.
Hillsboro Airport	2011	HIO RW 12-30 Threshold Rehab	\$1,600,000	Mill and inlay an 80' x 2000' portion of Runway 30 touchdown zone.
Hillsboro Airport	2012	HIO Relocate Taxiway C	\$4,512,600	This project will replace older taxiways with a new taxiway.
Hillsboro Airport	2012 - 2013	HIO RW 2-20 Relocation and Extend TW B	\$15,391,000	Extend runway 2-20 to a total length of 4200 feet, extend taxiways B & C 400 feet to connect new runway approximately 20 end.
Troutdale Airport	2013	TTD Reconstruct Rwy 7-25	\$9,100,000	Reconstruct existing 150; X 5400' runway; narrow to 100' wide, relocated/reconstruct edging lighting, construct required drainage improvements.

To establish the Port of Portland overall Disadvantaged Business Enterprise (DBE) goal for FY11 - 13, the Port uses the methodology found on the Office of Small and Disadvantaged Business Utilization (OSDBU) website (<http://osdbuweb.dot.gov>): Tips for Goal Setting in Disadvantaged Business Enterprise Programs.

Step One –

Initially we identified the availability of DBE and non-DBE firms who are ready, willing and able to compete for AIP funded contracts that will be let by the Port of Portland in FY11 - 13. The Port has determined our market area to be those firms that are in our BizTrak system data base. This data base is populated with businesses that have submitted bids/proposals on Port projects in the past and also includes businesses that have submitted bids/proposals as sub-contractors/sub-consultants to primary

bidders/proposers. The BizTrak system is linked with the Oregon State certification website therefore firms in our data base are updated weekly in regards to their certification status.

The construction and architecture and engineering industry businesses in our market area are primarily located in Oregon and Washington states. The disparity study completed for the Port of Portland in February 2009 identified the relevant market area for the construction, architecture and engineering business categories to be the state of Oregon, the Portland MSA, and King County Washington. In reviewing the suppliers in the Port potential supplier list for the nine NAICS codes, 80% of the suppliers are located in Oregon and Washington states.

We have identified the following work categories by NAICS that will be included in the four Port of Portland pending projects planned for FY11 - 13:

<u>NAICS</u>	<u>Description and Percent of Work</u>	<u>DBE</u>	<u>All</u>
237310	Heavy Construction*	53	404
238210	Electrical Contractor	15	306
541370	Surveying	15	161
238910	Site Preparation Contractors	49	405
561990	All Other Support Services (traffic control)	22	87
561730	Landscape Service (seeding, erosion control)	21	143
238220	Plumbing, Heating, Air Conditioning	5	173
237110	Water and Sewer Line	10	265
484110	Trucking	20	85
541330	Engineering Services	41	915

*includes pavement milling, pavements/concrete, pavement/asphalt, drainage, excavation & embankment, trucking, and pavement painting.

The Biz Trak system has a DBE Goal setting function that is programmed in accordance with the Office of Small and Disadvantage Business Utilization (OSDBU) website (<http://osdbuweb.dot.gov>): Tips for Goal Setting in Disadvantaged Business Enterprise Programs. This goal setting function is utilized along with a search of the state of Oregon Office of Minority, Women, and Emerging Small Business data base to develop a step one base figure.

To determine the percent of DBE's ready, willing and able to compete for contracting opportunities at the Port of Portland, the total number of DBE firms is divided by the total number of DBE plus non-DBE firms identified.

$$\text{Step One Base Figure} = \frac{251 \text{ DBE}}{2944 \text{ DBE} + \text{Non-DBE}} = 10.49\%$$

Step Two:

The next step is to determine if an adjustment to the system generated Step One Base Figure is warranted. To make this determination a system generated list of DBE firms for the identified NAICS is reviewed and any DBE firms whose certifications are no longer current are deleted from the list of ready, willing and able DBE's. The list of all firms ready willing and able to compete for Port business opportunities is also reviewed to filter out businesses that are not relevant to the calculation because they are duplicates, they do not perform the type of work the Port is contracting out, they are no longer in business, or they are so far outside the Port geographical market are that they are not likely to submit a bid on a Port job.

<u>NAICS</u>	<u>Description and Percent of Work</u>	<u>DBE</u>	<u>All</u>
237310	Heavy Construction*	20	273
238210	Electrical Contractor	6	137
541370	Surveying	8	78
238910	Site Preparation Contractors	19	201
561990	All Other Support Services (traffic control)	6	8
561730	Landscape Service (seeding, erosion control)	3	103
238220	Plumbing, Heating, Air Conditioning	5	101
237110	Water and Sewer Line	6	241
484110	Trucking	16	47
541330	Engineering Services	29	281

Adjusted Step One Base Figure = 118 DBE / 1470 DBE + Non-DBE = 8.03%

The Step One Base Figure can also be adjusted for recent past performance. The means utilized for achieving DBE participation changed at the Port of Portland from fiscal year 05 and prior from a combination of race neutral and race conscious means to 100% race neutral in fiscal years 06, 07, 08 and 09. The Port returned to DBE project goals in FY10. As of September 1, 2010, DBE commitments on Port federally funded projects for FY10 is 5.2%; the overall DBE goal was 5%.

The median past performance is determined by looking at the past performance for the five previous fiscal years. Past performance for those five years was:

FY06 – 7.8% FY07 – 2.8% FY08 - .8% FY09 – 3.4% FY10 – 5.2%

The median past performance is determined by placing the five numbers in number order from low to high and then selected number in the middle if there is an odd number of numbers;

.8% 2.8% 3.4% 5.2% 7.8%

3.4% is the median past performance.

The Adjusted Step One Base Figure DBE goal is adjusted again by averaging the Adjusted Step One Base Figure with the median past performance on Port projects.

$$\text{Step Two Base Figure} = ((8.03 + 3.4) / 2) = 5.715 \%$$

The FY11 - 13 Port DBE goal will not be adjusted for past performance because the Port did not establish DBE project goals in fiscal years 06, 07, 08, 09. Not establishing DBE project goals led to lower DBE participation. Making the adjustment for past participation would lower the goal below determined availability. The Port resumed DBE project goals in FY10. DBE goals of 6.5% and 5.1% were established on two airfield projects respectively and the commitment to meet or exceed the goal was made by both awarded prime contractors. Overall DBE accomplishment for FY10 for the Port was 5.2%. Because DBE participation is trending upward with the resumption of DBE project goals, the Port will not adjust the FY11 – 13 overall Port DBE goal for past performance.

The DBE goal for the Port of Portland for FY011 - 13 not adjusted for past performance is 8.03%.

The Port completed a disparity study in February 2009. MGT of America was the disparity study consultant. The study time period was July 1, 2002 – June 30, 2007. The study findings and recommendations related to the Port DBE program were:

Findings:

1. M/W/DBE Prime Utilization – During the study period, 18 M/W/DBEs won prime construction contracts for \$34.8 million on Port projects (13.22% of the total). 8 M/W/DBEs won prime architecture and engineering contracts for \$1.2 million on Port projects (9.64% of the total).
2. M/W/DBE Prime Availability was 13.36% for construction prime contractors and 27.44% for architecture and engineering prime contractors.
3. Underutilization existed for African American, Hispanic American, Asian American, and Native American prime construction contractors and for Hispanic American, Asian American, Native American and Nonminority Women architecture and engineering prime contractors.
4. Over the current study period 73 M/W/DBE construction subcontractors won \$14.1 million in construction subcontracts on Port projects (15.85% of the total construction subcontracts). 6 M/W/DBEs won 12 A&E subcontracts for \$39,425 on Port projects (14.98%).
5. Underutilization existed during the study period for African American, Hispanic American, Asian American, and Native American construction subcontractors. Underutilization existed during the study period for African American, Asian American, Native American, and Nonminority Women architecture and engineering subcontractors.
6. The Port stopped placing DBE goals on construction contracts in 2006. Minority DBE construction subcontractor utilization stopped entirely at that point. The implementation of the ESB program in 2007 did not halt this pattern. There was,

however evidence of the use of M/WBEs that were not certified DBEs on projects without goals.

Recommendations:

1. There is evidence supporting the reestablishment of race- and gender conscious DBE goals in construction and architecture and engineering subcontracting. This evidence is based on disparities in subcontracting, and the collapse in use of DBEs in the absence of goals on federal contracts, considerable statistical and anecdotal evidence of barriers in the private sector markets associated with race and gender after controlling for capacity variables. At the same time there was some evidence of the use of non-certified M/WBEs in the absence of goals. The strongest case for the restoration of DBE goals can be made for minority DBEs.

Port DBE goals should be linked to certified DBE availability. Port DBE goals should not be a rigid quota placed on every project. The limited use of DBE goals means that the Port should continue to let out some opportunities without specific DBE goals and closely monitor DBE utilization on these projects. The objective should be to steadily increase the number of DBE dollars achieved without using race and gender conscious DBE goals.

The following actions were taken in fiscal year 2010 based on the study recommendations:

1. The Port expanded the definition of small business to include all small businesses certified by the states of Oregon and Washington as minority-owned, disadvantaged-owned, women-owned, or emerging small business.
2. New Port guidelines for Work as Required contracts were adopted to better manage the associated task order process and the equitable use of awarded contractors.
3. An updated review of bonding and insurance requirements, including benchmarking with local agency peers, was conducted to verify that the Port was not setting bonding and insurance requirements that are not consistent with local peer agencies. No changes were made based on review and benchmarking.
4. DBE goals were resumed on FAA AIP projects. 2 FAA AIP projects were solicited with DBE goals and DBE goals were committed to by the awarded contractors.

In addition to the return to DBE project goals, the Port will also continue to utilize race and gender neutral means to achieve DBE participation in Port of Portland projects.

Race and gender neutral means to achieve DBE goals include:

- Encouraging prime contractors to solicit bids from DBE sub contractors.
- Advertising projects in media that is focused toward minority and women owned businesses.
- Promoting Port projects at community outreach events including encouraging DBE contractors to consider bidding or proposing on Port projects.

- Ongoing technical assistance and small business development facilitated through the Port of Portland Mentor Protégé Program.
- Conducting open pre-bid meetings for all interested contractors.
- Providing contractors with a list of DBE certified businesses whose work scope matches work scope needed for specific projects.
- Evaluating and considering using various solicitation methods, including the RFP process where points can be awarded for small business inclusion, rather than the low bid process for award federally funded contracts.

To solicit consultation regarding our FY11 - 13 overall DBE goal, the goal is posted on the Port of Portland website, www.portofportland.com, Business Opportunities. Interested parties are invited to comment and are provided an email address for submitting comments regarding DBE availability, effects of discrimination on DBE opportunities, and the Port's efforts to solicit DBE participation. The goal will be adjusted if comments are received that warrant adjustment.

The Port of Portland adjusted overall DBE goal for fiscal year 2011 - 2013 is 8.03% DBE participation.

Step Three

The Port of Portland has consistently implemented race/gender neutral means to achieve increased DBE participation including:

- To improve the accessibility of Port projects, we developed the online supplier registration and solicitation system. 4785 suppliers are currently registered, 245 or 5.1% are DBE firms. During fiscal year 10, 41 Port business opportunities were solicited using the online supplier solicitation system. The Port plans to upgrade the supplier registration and solicitation system in fiscal year 11 to improve accessibility of Port business opportunities.
- Through the Port of Portland Mentor Protégé Program, we strive to help build the capacity and business know-how of the protégé firms. 56% of the current protégé firms are DBE and 31% of the graduated protégés are DBE.
- The Port actively participates in numerous local outreach events targeted to small businesses including certified DBE firms.
- The Port establishes Small Business goals on construction projects that do not receive federal funding, with an estimated value over \$500,000. The Port includes participation of small businesses in Port Request for Proposals received for a variety of solicitation opportunities. Small business participation is valued at 10% of the possible evaluation points awarded. Small business is defined as any small business certified by Oregon or Washington states, including the race and gender neutral Emerging Small Business certification. During FY10, 7% of the sub-contractors on Port projects were ESB sub-contractors.

In conclusion, the overall DBE participation goal being submitted for the three fiscal years FY11, FY12, and FY13 by the Port of Portland is 8% and will be accomplished using 7.5% race conscious means and .5% race neutral means.