

**2010 DBE METHODOLOGY AND
GOAL FOR PENNDOT FAA
SUBRECIPIENTS**

**DEVELOPED BY THE
PENNSYLVANIA DEPARTMENT
OF TRANSPORTATION**

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OVERVIEW OF THE GOAL-SETTING PROCESS

The following narrative chronicles the efforts of the Commonwealth of Pennsylvania, acting through the Pennsylvania Department of Transportation (“Department”), to establish an annual DBE participation goal and methodology for federally-aided Airport Improvement Grants using funds disbursed by the Federal Aviation Administration (“FAA”). The federal regulatory mandate is set forth in Title 49 Code of Federal Regulations Part 26 (Part 26). Under Part 26, goals must be established and submitted to the FAA as well as to the Federal Highway Administration (“FHWA”) and the Federal Transit Administration (“FTA”) on an annual basis. This document is designed to deal exclusively with the FAA goals. The FHWA and FTA goals are discussed in separate narratives.

The Regulatory Mandate:

The Department is required to submit new overall goals for DBE participation using the two-step goal-setting process set forth in Section 26.45 of Part 26 by establishing a base figure for DBE availability; describing the evidence with which it was calculated; by making adjustments to that figure, where appropriate; and, describing the evidence relied upon for such adjustments. Under Step One of the goal-setting process, the Department is compelled to calculate DBE availability to set a new annual overall goal for FAA-assisted contracts based upon “demonstrable evidence of the availability of ready, willing and able DBEs relative to all businesses ready, willing and able to participate” on its FAA-assisted contracts. Under Step Two, the Department must examine all relevant evidence for consideration of a possible adjustment to the base figure to reflect the “effects of the DBE program and the level of participation that would be expected but for the effects of past and present discrimination.”

As an extension of this process, Section 26.45 requires that the Department meet the “maximum feasible portion” of its overall DBE utilization goal through race-neutral means. Under Section 26.51(b), race-neutral means include providing assistance in overcoming limitations such as the inability to obtain bonding or financing by simplifying the bonding process; reducing bonding requirements; eliminating the impact of surety costs from bids; and, providing services to help DBEs and other small businesses obtain bonding and financing. Race neutral participation occurs any time that a DBE wins a prime contract through customary competitive procurement procedures; is awarded a subcontract on a prime contract that does not carry a DBE goal, or even if there is a DBE goal, wins a subcontract from a prime contractor that did not consider its DBE status in awarding the contract (e.g. a prime contractor that uses a strict low bid system to award subcontracts).

Quality of the Goal-setting Data and Collaborative, Interdisciplinary and Stakeholder Approach to Goal-setting

The Department strives to find the best available data. Each year, the quality and the quantity of the data improves as the Department builds upon historical information obtained during its initial attempt to set goals in earlier years and upon subsequent data

obtained up to the present time. This results in a more panoramic view of the local market conditions.

With the above background, the Department takes its annual goal-setting obligations seriously by recognizing that it must obtain the best available documentation relative to its local marketplace. Consistent with Part 26, the Department continues to avail itself of the best data available from its marketplace and has compiled this data and other information in the manner set forth in Sections 26.45 and 26.51 of Part 26. The Department obtains its measurements from local marketplace data and uses the best evidence available to establish a goal that is as fair and accurate a representation as possible of the availability of DBEs in the Department's geographic and procurement marketplaces.

As in previous years, the Department has expended its own funds for highly qualified research professionals and statistical analysts equipped to analyze and organize local market sector data from an economic, statistical, and sociological perspective. Since, by definition, the establishing of the goal requires analysis of available and applicable data in the local marketplace, and these professionals work with such data on a regular basis, the inclusion of these professionals has been deemed essential to the Department's efforts. The outside organizations utilized are the Indiana University of Pennsylvania working in conjunction with the Pennsylvania State University.

The Town Meeting Component:

During the public comment period, the Department continues its annual practice of conducting town meetings throughout the Commonwealth. Each year, the Department convenes separate meetings in the Philadelphia, Pittsburgh, Erie, and Harrisburg areas and attempts to reach out to as much of the Commonwealth's contracting community as possible. The meetings are well-publicized and are used as an extension of the Department's consultation process. Invitations are extended to Pennsylvania Unified Certification Program (PA UCPs) DBEs and to various minority and women organizations as well as to prime contractor and consultant trade associations. During the meetings, Department program personnel as well as the Department's goal-setting consultants make every effort to solicit questions about the Department's goals and methodology as well as about other issues that arise under the DBE program.

Since these meetings are conducted during the workday, the Department recognizes the challenge of attracting a large audience. Nonetheless, the Department continues to see members of the representative groups at these sessions. In addition, the sessions also facilitate person-to-person discussions that prove to be productive and that facilitate candid discussions between and among the attendees.

The Critical Public Notice and Public Comment Component of DBE Goal-setting

During the goal-setting process, the Department adheres to the public participation component of the goal-setting process required by Section 26.45 (j) by consulting with minority, women's and general contractor groups as well as community organizations,

and other officials or organizations that could be expected to have information relative to the availability of both DBE and non-DBEs; the effects of discrimination on opportunities for DBEs; and, efforts to establish a level playing field for the participation of DBEs in federally-assisted, transportation-related contracting. While this occurs during the actual goal-setting effort, it continues by way of the town meetings described earlier in this narrative.

Once these regulatory requirements have been fulfilled, the Department publishes a notice announcing its proposed overall goal and the methodology used to calculate the goal and informs the public that the goal and its “rationale” are available for inspection during normal business hours at the Department’s principal place of business for 30 days following the date of the notice. As required, the notice invite public comments on the goals for 45 days from the date of the notice. Consistent with Section 26.45 (g), the Department provides the public with addresses to which comments may be sent, and publishes its proposed overall goals in general circulation media (including newspapers) and available minority-focused media and trade association publications.

The Department consistently adheres to the public notice requirements of Part 26. As required by Section 26.45 (g) (2), the Department has published a notice announcing its proposed goal and noting that its rationale, methodology, and goal are available for inspection during the Department’s normal business hours at its central office location in Harrisburg, Pennsylvania. As in previous years, the notice has also been published in the *Pennsylvania Bulletin*, a publication recognized by the public as the location for public notices issued by executive agencies of the Commonwealth. The notice also appears in general circulation media (newspapers) and available minority-focused media and trade association publications.

The notice advises all interested parties of their ability to provide public comments for 45 days from the date of the notice. The Department encourages public comments and notes that these comments add real value to the goal-setting effort and the Department’s DBE program. In the past, public comments have resulted in the collection of additional data and/or provided anecdotal information that, ultimately, was factored into the adjustment phase of goal-setting.

To the extent that additional data is reflected in public comments received during the public comment period discussed below, it is included in a package of submissions to FAA. It has and continues to be the Department’s practice to allow the FAA to review the public comments the Department receives during the forty-five day public comment period.

Following the Public Comment Period

At the conclusion of the public comment period, the Department convenes a meeting of impacted DBE program personnel to discuss the public comments received. The Department’s Office of Chief Counsel also participates in this endeavor. If there is a need to revise the methodology and/or recalculate the overall goal, the Department immediately commences this exercise.

The Department forwards all public comments to FAA along with its goal submission. The Department also responds to each separate comment as quickly as possible after the public comment period concludes and forwards copies of its responses to the public comments to FAA, as well.

SUMMARY OF THE PROPOSED OVER ALL DBE GOAL TWO STEP GOAL-SETTING EFFORT

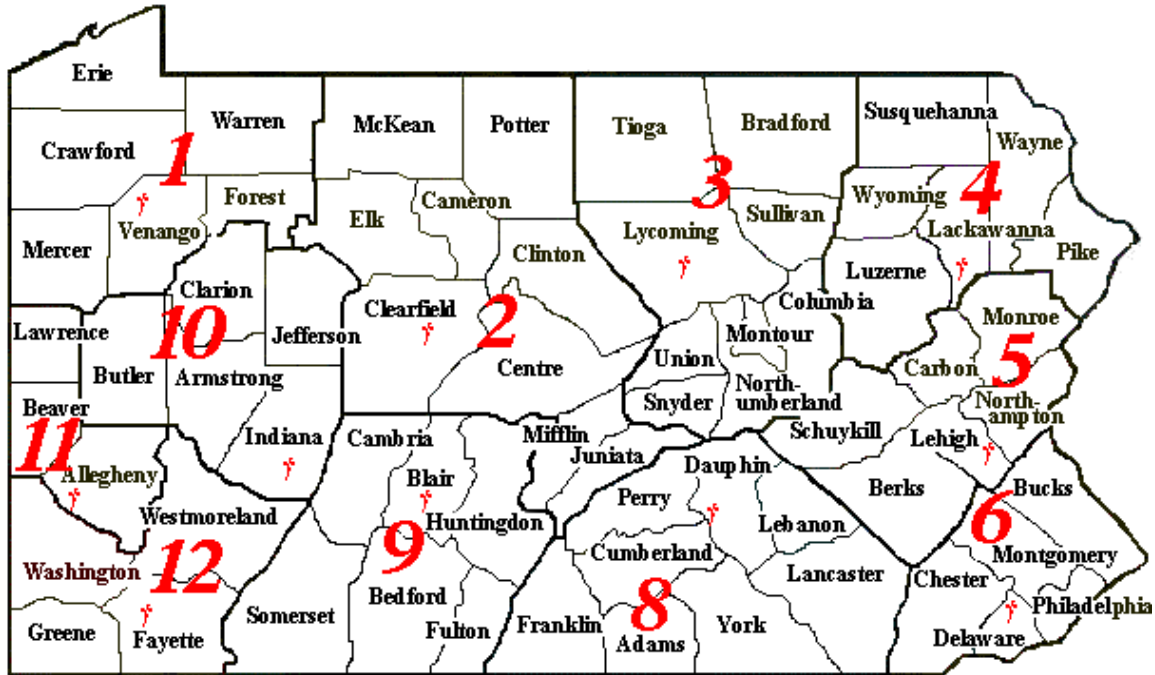
Step 1 calls for "determining a base figure for the relative availability of DBEs" (49 C.F.R. § 26.45(c)). "Relative availability of DBEs" means "the availability of ready, willing and able DBEs relative to all businesses ready willing and able to participate on DOT-assisted contracts" (49 C.F.R. § 26.49(b)). This determination was made for each of the six market categories in which DBEs perform work for the Department. The federal regulation does not contain a definition of "ready, willing, and able." However, as in previous years, the Department has crafted its own definition which is set forth in the introductory material.

Step-1-The Department's goal is in fact an aggregate of several smaller goals of FAA subrecipients each narrowly tailored to local market conditions. The Department looked to the Airport Improvement Grants it administers to identify the subrecipient airports. 13 Pennsylvania airports met this criterion.

Goals for these airports were developed by calculating the ratio between the number of "ready, willing, and able" DBEs relative to the universe of contractors in each market for each specified work type. The Department drew on the Pennsylvania Unified Certification Program's certification list. The universe of contractors was derived from the U. S. Census' County Business Patterns. In each case, both the DBEs and universe were matched to the appropriate NAICS codes.

To determine geographic markets, the Department relied on its engineering district boundaries. Although the UCP does not collect data on markets where DBEs are willing to work, the Department used to gather this data from its certified DBEs and this data has been preserved. These markets are defined in terms of the Departments Engineering Districts. The map of these districts appears below in Figure 1.

Figure 1. PENNDOT Engineering Districts



The Department determined local market areas for each subrecipient airport by including all counties in the same engineering district and all counties in the district containing each contiguous county. However, districts 5 and 6 together constitute the greater Philadelphia market and districts 10, 11 and 12 together comprise the greater Pittsburgh market. When calculating market areas for subrecipients in counties bordering one of these metropolitan markets the Department assumes the entire metropolitan market as part of that subrecipient’s marketing area. The firms in these counties were counted for each pertinent NAICS code to determine the universe of contractors for each subrecipient airport.

Step-2-Under Step-2 of the goal setting process, the Department was compelled by the DBE regulation to examine all relevant evidence in its jurisdiction to determine what adjustments, up or down, were needed to arrive at the overall goal. Step 2 necessarily took into account other conditions or variables impacting DBEs in the Commonwealth.

Consistent with the public participation process, the Department has prepared this summary of its methodology and overall goal together with the required projections for race-neutral and race-conscious means.

To comply with the public participation component of the federal regulation set forth in 49 Code of Federal Regulations, Part 26 (“Part 26”), the Department provided a notice on its web site and in the Pennsylvania Bulletin. This notice informed the public that the overall methodology and goal were a work in progress. Also, an invitation was sent to all Pennsylvania Unified Certification Program (PA UCP) certified DBEs and various minority and women organizations informing them of regional meetings to discuss the

Department's DBE methodology and goal. The meetings were held in the Harrisburg, Philadelphia, Erie, and Pittsburgh areas.

The official public comment period began when a notice was posted in the Pennsylvania Bulletin on May 16, 2009. The methodology and goal was made available on the Department's web site well as other target publications. The public comment period ran through June 30, 2009. Although the Department welcomed comments from contractors, DBEs, constituents, and customers, no comments were received.

Under Step 2 of the goal setting process, the Department is compelled by Part 26 to examine all relevant evidence in its jurisdiction to determine what adjustments, up or down, need to be made to the base figure to arrive at the overall goal. Step 2 necessarily takes into account a litany of conditions or variables impacting DBEs in the Commonwealth. Under the Pennsylvania Unified Certification Program ("UCP") the Department and four other entities in the Commonwealth that certify DBEs continue to recognize each other's certification (certification by one is certification by all). The UCP list of DBEs is used in conjunction with the Department's bidders' list. Additionally, the Department has given due consideration to market potential based upon employment security data and other public data. The Department has also considered certain changes relative to counting and certification that occurred as the result of the regulation in this phase of the goal-setting process.

To facilitate understanding of the Department's methodology and goal, a starting point is an examination of the working definitions. The Department uses the following program terms:

PROGRAM TERMS TAILORED TO THE LOCAL CONDITIONS OF THE COMMONWEALTH OF PENNSYLVANIA CONSISTENT WITH 49 C.F.R. PART 26.

DEPARTMENT – As used in this document, the Department refers to the Pennsylvania Department of Transportation of the Commonwealth of Pennsylvania.

DBE – A small, for-profit business that meets the size, ownership, control, and definitional requirements of 49 C.F.R. Part 26.5 and has been certified by the UCP under the federal regulation set forth in 49 C.F.R. Part 26.

READY, WILLING AND ABLE BUSINESSES/ENTERPRISES – The current universe of businesses interested, capable, and authorized to perform work on the Department's federally-assisted, transportation-related contracts. *Ready* refers to those businesses that perform a trade, function or service that may be utilized on the Department's federally-assisted contracts. *Willing* refers to ready businesses that have either performed or expressed a bona fide interest in performing a function on the Department's federally-assisted contracts. *Able* refers to ready and willing businesses that have fulfilled the Department's requirements to participate in the performance of its federally assisted contracts including becoming a registered business partner. In sum, those businesses that are ready, willing, and able to perform on the Department's federally assisted contracts

are businesses authorized by the Department to participate in its federally-assisted contracts that have either expressed or demonstrated an interest in doing so.

READY, WILLING AND ABLE DBEs – Those businesses that meet the definition of “ready, willing and able businesses” and that have been certified by the Department or any of the other entities that certify DBEs in the Commonwealth under the Commonwealth’s approved Unified Certification Program (PA UCP) as a DBE consistent with the provisions of 49 C.F.R. Part 26. In sum, the Department’s universe of ready, willing and able DBEs within the meaning of 49 C.F.R. Part 26, consists of certified DBEs that have either expressed or demonstrated an interest in participating in federally-assisted Department contracts and have been authorized to do so.

RELATIVE AVAILABILITY OF DBEs – Consistent with 49 C.F.R. Part 26.45, “relative availability” of DBEs refers to demonstrable evidence of the availability of ready, willing and able DBEs relative to all businesses ready, willing and able to participate on the Department’s federally-assisted transportation-related contracts.

RACE-NEUTRAL MEASURES – Consistent with Section 26.5, the definitional section of the federal regulation set forth in 49 C.F.R. Part 26, the Department’s race-neutral measures are those designed to assist all small businesses as opposed to measures designed to benefit DBEs alone.

RACE-CONSCIOUS MEASURES – Consistent with the definitional section of the federal regulation set forth in 49 C.F.R. Part 26, the Department’s race conscious measures are those that are focused exclusively on DBEs. These include traditional contract goals.

**OVERALL GOAL FOR PARTICIPATION BY DBEs IN THE DEPARTMENT'S
FEDERALLY-ASSISTED CONTRACTS**

As the result of efforts advanced by the Department to date, the overall 2010 (October 1, 2009 – September 30, 2010) goal for participation by DBEs in the Department's federally assisted contracts will be 14.51 percent. Of this, the Department proposes to meet 13.72 percent by means of race-conscious or traditional contract goals and an additional 0.79 percent by means of race-neutral measures.

TECHNICAL ADDENDUM

The Department is setting its DBE participation goal using the 2-step process. The Department created a Step-1 goal by calculating the relative availability of DBE contractors to the enterprise universe (EU) within geographically defined markets relative to the work funded by Airport Improvement Grants

Step-2 attempts to take other data into consideration in adjusting the goal established in Step-1. The Department looked to various factors such as DBE participation, specialized contracts, and the influence of contract size on contractor participation to make these adjustments.

Step-1 Calculations (Baseline)

The Department identified 13 airport sub-recipients who will receive federal funds during FFY 2010. For each of these airports, the Department identified “ready, willing, and able” DBEs and the universe of contractors (EU) within the relevant NAICS codes. The ratios of DBE to EU for each airport were then weighted according to the federal dollars they received. This weighted ratio is the baseline ratio for PENNDOT’s FAA sub-recipients. See Table 1.

Table 1: FAA Sub-Recipient Airports Step-1 (Baseline) Ratio

Airport	Federal Contracting Opportunity	Ratio of DBEs to EUs	Weighting	Weighted Ratio
Beaver Co.	\$304,950	0.1471	0.0531	0.0078
Bedford Co.	\$471,608	0.2002	0.0821	0.01647
Bloomsburg Municipal	\$834,951	0.2374	0.1453	0.0345
Brandywine	\$63,555	0.0525	0.0111	0.0006
Ebensburg	\$95,000	0.0629	0.0165	0.0011
Mifflin County	\$272,665	0.0000	0.0475	0.0000
Pocono Mountains	\$1,704,300	0.2826	0.2826	0.0838
Port Meadville	\$40,700	0.0627	0.0071	0.0004
Pottstown Municipal	\$150,100	0.0263	0.0261	0.0007
Somerset County	\$127,870	0.2365	0.0223	0.0053

Airport	Federal Contracting Opportunity	Ratio of DBEs to EUs	Weighting	Weighted Ratio
Titusville	\$420,995	0.2065	0.0733	0.0151
Venango Regional	\$1,249,246	0.2675	0.2175	0.0582
Wilkes-Barre/Wyoming	\$313,500	0.0278	0.0546	0.0015
Wings Field	\$141,208	0.3750	0.0246	0.0092
Totals	\$5,744,490			0.2278 or 22.78%

Numbers are rounded for display purposes.

Individual Calculations for Each Airport

Beaver County

Bedford County Airport received a grant to construct a stormwater management system. Stormwater construction work falls under NAICS code 237110. Beaver County is in PENNDOT engineering district 11, part of the greater Pittsburgh market defined as PENNDOT districts 10, 11, and 12. Therefore the universe of contractors was drawn from the counties in districts 10, 11, and 12 under the 237110 NAICS code. The Department identified 15 DBE firms out of a universe of 102 that meet these criteria. When divided this yields a step-1 ratio of .1471.

Bedford County

Bedford County Airport received two grants: one to design a hangar apron and taxiways and another to construct them. Design work falls under NAICS code 541330. Taxiway construction is performed under NAICS code 237310. Bedford County is in PENNDOT engineering district 9, adjoining the greater Pittsburgh market defined as PENNDOT districts 10, 11, and 12. It also borders districts 2 and 8. Therefore the universe of contractors and consultants was drawn from the counties in districts 2, 8, 10, 11, and 12 under the respective NAICS codes. Bedford County's step-1 calculation is shown in table 2 below.

Table 2- Bedford County Airport Step-1 Calculation

Grant Description	Amount	Weight	DBEs	Universe	DBE Percentage	Weighted Percentage
Apron/ Taxiway Design	\$32,083	0.2137	58	953	0.0609	0.0130

Apron/ Taxiway Construction	\$118,017	0.7863	55	231	0.2381	0.1872
Total	\$150,100	1.00				0.2002

Bloomsburg Municipal

Bloomsburg received two grants to perform obstruction removal and site preparation. This work is performed under NAICS code 237310. Bloomsburg Airport is Columbia County in PENNDOT engineering district 3. It also adjoins districts 4 and 5. District 5 is part of the greater Philadelphia market defined as districts 5 and 6. Therefore the universe of contractors was drawn from the counties in districts 3, 4, 5, and 6 under the NAICS code mentioned above. The Department identified 47 “ready, willing, able” DBEs and a universe of 198 firms yielding a step-1 ratio of 0.2374.

Brandywine

Brandywine Airport received a grant for the design phase of a taxiway rehabilitation. Design work is performed under NAICS code 541330. Brandywine is in District 6, part of the greater Philadelphia market. It also adjoins district 8. Therefore the universe of engineering firms was drawn from districts 5, 6 and 8. The Department identified 1256 firms meeting these criteria. Of these 66 are DBE firms. When divided this yields a step-1 ratio of 0.0525.

Ebensburg

Ebensburg Airport received a grant for designing runway improvements. Design work is classified under NAICS code 541330. Ebensburg Airport is in Cambria County in PENNDOT engineering district 9 and it borders districts 2, 10 and 12. Districts 10 and 12 are part of the greater Pittsburgh market. Therefore the universe of contractors was drawn from the counties in districts 2, 9, 10, 11, and 12 under the NAICS code mentioned above. The Department identified 684 firms who perform this work in this market of those firms, 43 are DBEs. This yields a step-1 ratio of 0.0629

Mifflin County

Mifflin County Airport received a grant to replace the electrical vault and taxiway guidance signs. This work is performed under NAICS code 237130. Mifflin County Airport is in PENNDOT engineering district 2 and borders districts 3 and 9. Therefore the universe of contractors for the design work was drawn from districts 2, 3, and 9 under the appropriate NAICS code. The Department could identify no DBEs who perform this work in this market. The step-1 ratio is 0.

Pocono Mountain Municipal

Pocono Mountain Municipal Airport received a grant to widen and extend a runway. This work is performed under NAICS code 237310. Pocono Mountain Municipal Airport is in Monroe County in PENNDOT engineering district 5, part of the greater Philadelphia market comprised of districts 5 and 6. It also adjoins district 4. Therefore the universe of contractors was drawn from the counties in districts 4, 5, and 6 under NAICS code 541330. The Department identified 52 “ready, willing, able” DBEs and a universe of 184 firms yielding a step-1 ratio of 0.2826.

Port Meadville

Port Meadville Airport received a grant to design a snow removal equipment building. Design work is performed under NAICS code 541330. Port Meadville is in Crawford County in PENNDOT engineering district 1. Due to the proximity of districts 10 and 11, contractors from counties in those districts were counted. Therefore the universe of contractors was drawn from the counties in districts 1, 10, and 11 under the NAICS code mentioned above. The Department identified 526 firms out of which 33 were DBEs for a step-1 ratio of 0.0627

Pottstown-Municipal

Pottstown Municipal Airport received a grant to rehab its lighting. Electrical work is performed under NAICS code 237130. Pottstown Municipal is in PENNDOT engineering district 6 part of the greater Philadelphia market defined as districts 5 and 6. Therefore the universe of contractors was drawn from the counties in districts 5 and 6 under the 237130 NAICS code. The Department identified 2 “ready, willing, able” DBEs and a universe of 76 firms yielding a step-1 ratio of 0.0263.

Somerset County

Somerset County Airport received a grant to design and rehabilitate an apron. Design work is performed under NAICS codes 541330 and the apron rehabilitation is performed under NAICS code 237310. Somerset County is in PENNDOT engineering district 9 and borders districts 10 and 12. Therefore, the universe of construction contractors was drawn from the counties in districts 9, 10, and 12 under the NAICS codes previously mentioned. Table 3 below shows Somerset County’s step-1 ratio calculation.

Table 3 Somerset County Airport Step-1 Calculation

Grant Description	Amount	Weight	DBEs	Universe	DBE Percentage	Weighted Percentage
Apron Design	\$17,100	0.1337	41	623	0.0658	0.0088
Apron rehabilitation	\$110,770	0.8663	41	156	0.2628	0.2277
Total	\$127,870	1.00				0.2365

Titusville

Titusville Airport received three grants, one to design seal coating for a taxiway extension, one to construct the extension, and one to install a security gate. Design work is performed under NAICS codes 541330, construction under 237310 and gate installation under 237130. Titusville is in PENNDOT engineering district 1 and borders the greater Pittsburgh market defined as districts 10, 11 and 12. Therefore, the universe of engineering firms and contractors was drawn from the counties in districts 1, 10, 11, and 12 under the NAICS code 541330. Titusville’s step-1 calculation appears in Table 4 below.

Table 4 Titusville Airport Step-1 Calculation

Grant Description	Amount	Weight	DBEs	Universe	DBE Percentage	Weighted Percentage
Taxiway Extension Design	\$60,000	0.1425	33	526	0.0627	0.0089
Taxiway Extension Construction	\$346,750	0.8236	30	127	0.2362	0.1946
Security Gate Installation	\$14,425	0.0338	3	34	0.0882	0.0030
Total	\$127,870	1.00				0.2065

Venango Regional

Venango Regional Airport received a grant to rehabilitate a runway. Construction related work is performed by engineers under NAICS codes 237310. Venango Regional Airport is in Venango County in PENNDOT engineering district 1. It adjoins district 10 that is part of the greater Pittsburgh market defined as districts 10, 11 and 12. Therefore, the universe of construction contractors was drawn from the counties in districts 1, 10, 11, and 12 under NAICS code 237310. The Department identified 42 “ready, willing, able” DBEs and a universe of 157 firms yielding a step-1 ratio of 0.2675.

Wilkes-Barre/Wyoming

Wilkes-Barre/Wyoming Airport received a grant to design a taxiway. Wilkes-Barre Airport is in PENNDOT engineering district 4. Design work is performed under NAICS code 541330. The market area for this project districts 3, 4, 5, and 6. The Department identified 31 DBEs out of 1114 firms yielding a step-1 ratio of 0.0278.

William T. Piper

William T. Piper Airport received a grant to update its airport layout plan. This work would be performed by an engineering firm under NAICS code 541330. William T. Piper Airport is in PENNDOT engineering district 2 and borders district 3. Therefore, the universe of engineering firms was drawn from the counties in districts 2 and 3. The Department identified 2 “ready, willing, able” DBEs and a universe of 91 firms yielding a step-1 ratio of 0.0220.

Wings Field

Wings Field received a grant to seal one of its runways. Environmental assessments are performed under NAICS code 237130. Wings Field is in PENNDOT engineering district 6, part of the greater Philadelphia market defined as districts 5 and 6. Therefore, the universe of construction contractors was drawn from the counties in districts 5 and 6 under the 237310 NAICS code. The Department identified 60 “ready, willing, able” DBEs and a universe of 160 firms yielding a step-1 ratio of 0.3750.

Step-2 Calculations (Adjustment)

Step-2 adjustments were made after analyzing past DBE participation, specialized contracts, and the influence of contract size on contractor participation. The same airports do not receive grants every year. Further, records of past participation on federally-assisted contracts present participation in aggregated dollars. Information concerning participation for specific work types is not readily available. Where possible, the Department has used airport-level past participation in the step-2 adjustment. When individual airport data is not available or nonexistent, the Department has used engineering district median past participation figures.

Beaver County

Beaver County’s step-1 ratio is 0.1471. Median DBE past participation for Beaver County airport is 0.0371. The Department averaged these two figures to yield a step-2 ratio of 0.0921. Since the step-1 calculation indicates sufficient DBE capacity to meet this goal, the entire goal will be race-conscious.

Bedford County

Bedford County’s step-1 calculation is 0.02427. Median DBE past participation for Bedford airport has been 0.0260. Averaging this figure with the step-1 ratios yields 0.0434 design ratio and a 0.1320 construction ratio. When merged according to their dollar weights, they yield a step-2 ratio of 0.1131. The race-conscious portion of the goal will be 0.1038 and the race neutral portion 0.0093.

Bloomsburg Municipal

Bloomsburg’s step-1 ratio is 0.2374. Median past DBE participation at Bloomsburg Airport is 0. Averaging the two figures yields a step-2 ratio of 0.1187. The entire goal will be race-conscious.

Brandywine

Brandywine Airport's step-1 ratio is .0525. Median DBE past participation in district 6 is 0.0917. Averaging the two yields a step-2 ratio of 0.0721. Since the grant is so small, little subcontracting opportunity exists. Therefore the entire goal will be race-neutral.

Ebensburg

Ebensburg Airport's step-1 ratio is 0.0629. The median past DBE participation for district 9 is 0. Averaging the two figures yields a step-2 ratio of 0.0314. Due to the size of the contract, the entire goal will be race-neutral.

Mifflin County

Mifflin County Airport's step-1 ratio is 0. Median DBE past participation for the airport is .1252. Averaging the step-1 ratio and past participation yields a 0.0626 step-2 ratio. However, since no DBEs were identified in step-1, the entire goal will be race-neutral.

Pocono Mountain Municipal

Pocono Mountain Municipal Airport's step-1 ratio is 0.2826. Median past DBE participation for district 4 is 0.0980. Averaging the two yields a step-2 ratio of 0.1903. The entire goal will be race-conscious.

Port Meadville

Port Meadville Airport's step-1 ratio is 0.0627. Median past participation for the airport is 0.0042. Averaging the two yields a step-2 ratio of 0.0334. The entire goal will be race-conscious.

Pottstown-Municipal

Pottstown Municipal Airport's step-1 ratio is 0.0263. Median past participation at this airport has been 0.1130. Averaging the two yields a step-2 ratio of 0.0697. The goal will be split with a 0.0263 race conscious goal and a 0.0433 race neutral goal.

Somerset County

Somerset County Airport's step-1 ratio is 0.2365. Median past DBE participation in district 9 is 0. Averaging the two figures yields a step-2 ratio of 0.1643. Due to the small size of the contracts, the entire goal is race-neutral.

Titusville

Titusville Airport’s step-1 ratio is 0.2065. Median past participation for district 1 is 0.0042. Averaging the two yields a step-2 ratio of 0.1095. Both the design and security gate grants are too small for subcontracting opportunity. The goals for those projects will be race-neutral. The goal for the construction project will be race-conscious. When weighted according to their expenditures this yields a .0994 race-conscious goal and a 0.0101 race-neutral goal.

Venango Regional

Venango Regional Airport’s step-1 ratio is 0.2675. Median past DBE participation at this airport is 0.0230. Averaging the two yields a step-2 ratio of 0.1453. The entire goal will be race-conscious.

Wilkes-Barre/Wyoming

Wilkes-Barre/Wyoming Airport’s step-1 ratio is 0.0278. Median past participation for this airport is 0.0240. Averaging the two yields a 0.0259 step-2 ratio. The entire goal will be race-conscious.

William T. Piper

William T. Piper airport’s step-1 ratio is 0.0220. Median past participation for this airport is 0. Averaging the two yields a step-2 ratio of 0.0110. The entire goal will be race-conscious.

Wings Field

Wings Field’s step-1 ratio is 0.3750. Median past participation for district 6 is 0.0917. Averaging the two yields a step-2 ratio of 0.2334. The entire goal will be race-conscious.

The step-2 adjusted goals for each airport were then weighted according to the total dollar amount of their respective grants. This weighted average is the final step-2 adjusted goal for PENNDOT’s FAA sub-recipients. See Table 5.

Table 5- FAA Sub-Recipient’s Step-2 (Adjusted) goal

Airport	Federal Contracting Opportunity		Adjusted Goals			Weighted Goals		
	Dollars	Weight	RC	RN	Total	RC	RN	Total
Beaver County	\$304,950	0.0531	0.0921	0.0000	0.0921	0.0049	0.0000	0.0049
Bedford Co.	\$471,608	0.0821	0.1038	0.0093	0.1131	0.0085	0.0008	0.0093
Bloomsburg Municipal	\$834,951	0.1453	0.1187	0.0000	0.1187	0.0173	0.0000	0.0173

Airport	Federal Contracting Opportunity		Adjusted Goals			Weighted Goals		
	Dollars	Weight	RC	RN	Total	RC	RN	Total
Brandywine	\$63,555	0.0111	0.0000	0.0721	0.0721	0.0000	0.0008	0.0008
Ebensburg	\$95,000	0.0165	0.0000	0.0314	0.0314	0.0000	0.0005	0.0005
Mifflin County	\$272,665	0.0475	0.0000	0.0626	0.0626	0.0000	0.0030	0.0030
Pocono Mountains	\$1,704,300	0.2967	0.1903	0.0000	0.1903	0.0565	0.0000	0.0565
Port Meadville	\$40,700	0.0071	0.0000	0.0334	0.0334	0.0000	0.0002	0.0002
Pottstown Municipal	\$150,100	0.0261	0.0263	0.0433	0.0697	0.0007	0.0011	0.0018
Somerset County	\$127,870	0.0223	0.1314	0.0329	0.1643	0.0029	0.0007	0.0037
Titusville	\$420,995	0.0733	0.0994	0.0101	0.1095	0.0073	0.0007	0.0080
Venango Regional	\$1,249,246	0.2175	0.1453	0.0000	0.1453	0.0316	0.0000	0.0316
Wilkes-Barre/Wyoming	\$313,500	0.0546	0.0259	0.0000	0.0259	0.0014	0.0000	0.0014
Wings Field	\$141,208	0.0246	0.2334	0.0000	0.2334	0.0057	0.0000	0.0057
Totals	\$5,744,490					0.1372	0.0079	0.1451

Numbers are rounded for display purposes.

PENNDOT's overall goal for FAA contracts for FY 2010 is 14.51%. 13.72% of which will be obtained by race-conscious means and 0.79% by race-neutral means. As required by Section 26.45 of the DBE rule, the proposed goal will be forwarded to the Federal Aviation Administration (FAA).

DATA SOURCES

All block grant data came from PENNDOT's Bureau of Aviation.

PENNDOT Engineering District Map located on the Department's website at <http://www.dot.state.pa.us>.

All Universe of Contractors figures for step-1 derived from U.S. Census Bureau's 2006 County Business Patterns.

All DBE information obtained from the Pennsylvania UCP at <http://www.paucp.com>

Past DBE participation from various airports filed with PENNDOT's Bureau of Aviation