



**Report to the Business Administration
Committee Recommendation to
Approve Dulles Corridor Metrorail
Project Phase 2 Disadvantaged Business
Enterprise (DBE) Goal**

July 2012



Requested Action

To recommend approval of at least 25 percent overall DBE participation goal for the Dulles Corridor Metrorail Project Phase 2 and to ask for concurrence to seek public comments as part of the final DBE goal-setting process required under current U.S. Department of Transportation regulations.



U.S. Department of Transportation (DOT) Federal Transit Administration (FTA) requires the Airports Authority to establish an overall project goal for DBE participation on the Dulles Corridor Metrorail Project Phase 2.



Phase 2 financial plan anticipates an Airports Authority's application for approximately \$1 billion in Transportation Infrastructure Finance and Innovation Act (TIFIA) financing. The DBE goal must be reflected as a percentage of this Federal TIFIA assistance.

- Staff recommends an overall DBE goal of 25 percent for Phase 2 of the Rail Project.
- Based upon a potential TIFIA loan amount of \$1 billion, 25 percent will represent approximately \$250 million in DBE participation.

A public comment process is required as part of the goal setting process. Staff plans to:

1. Advertise the recommended Phase 2 DBE goal in 3 local newspapers in general circulation;
2. Accept written comments for up to 45 days; and
3. Solicit input from organizations knowledgeable about the availability of DBEs in the Airports Authority's marketplace.



Committee concurrence is requested to allow staff to proceed with the public participation process. If no substantial comments that oppose the 25 percent DBE goal on Phase 2 of the Project are received, staff requests that its recommendation be forwarded to the full Board for approval without return to the Business Administration Committee.

Report to the Business Administration Committee Disadvantaged Business Enterprise (DBE)¹ Project Goal for the Dulles Corridor Metrorail Project Phase 2

July 2012

Purpose

To recommend approval of at least a 25 percent overall DBE participation goal for the Dulles Corridor Metrorail Project Phase 2 (Phase 2 of the Project), and to ask for concurrence to seek public comments as part of the final DBE goal-setting process required under current U.S. Department of Transportation regulations.

Background

The financial plan for Phase 2 of the Project involves an expectation that the Metropolitan Washington Airports Authority (Airports Authority) will apply for loan assistance through Federal Transportation Infrastructure Finance and Innovation Act (TIFIA) funds with an approximate value of \$1 billion. The Federal Transit Administration (FTA) requires the Airports Authority to develop a DBE program that includes an overall DBE participation goal for Phase 2 of the Project. The DBE goal must be established as a percentage of the estimated Federal assistance for Phase 2 of the Project. The Airports Authority must apply goal-setting procedures that include an assessment of the relative availability of DBEs in the Airports Authority's market that are ready, willing, and able to compete for Federally-funded contracts absent discrimination and the solicitation of public comments on its proposed overall goal for a 45-day period.

¹ A DBE is defined as a small business concern which is at least 51 percent owned by one or more socially and economically disadvantaged individuals, and whose management and daily business operations are controlled by one or more of the individuals who own the business. In the case of any publicly owned business, at least 51 percent of the stock must be owned by socially and economically disadvantaged persons. "Socially and economically disadvantaged persons" are citizens or permanent residents who are African Americans, Hispanic Americans, Native Americans, Asian Pacific Americans, Asian Indian Americans, and women. The Airports Authority may also determine, on a case-by-case basis, that other individuals are socially and economically disadvantaged.

Discussion

To develop the overall DBE goal for Phase 2 of the Project, staff has prepared the data required to identify the Airports Authority's marketplace for design and construction projects and the relative availability of DBEs within the marketplace that would be ready, willing, and able to compete for project contract and subcontract opportunities, absent discrimination.

The total value of Phase 2 is currently estimated at \$3.1 billion. The Project duration is currently estimated to be five years. Phase 2 consists principally of engineering and design; program and construction management services; roadway improvements; right of way and land acquisitions; drainage and storm water management systems; construction services; site work construction; support facilities; yard and shop expansions; and various rail elements such as stations, guide ways and track elements, as well as relocation and installation of new utilities.

Staff assessed the relative availability of DBEs within the Airports Authority's marketplace that would be ready, willing, and able to compete for contract and subcontract opportunities for Phase 2 of the Project and determined that a DBE goal of at least 25 percent is attainable in the current market environment. The 25 percent goal applied to the estimated Federal assistance (\$1 billion) for Phase 2 of the Project will provide DBEs with an estimated \$250 million in contract and subcontract opportunities. It is anticipated that the goal will be achieved through 20 percent race-conscious and 5 percent race neutral efforts by the Airports Authority. Race conscious efforts consist of applying specific DBE goals to individual contracts and subcontracts. Race neutral efforts consist of measures that include enhanced business outreach, technical assistance, and/or training instead of individual subcontract goals.

In establishing the overall DBE goal of at least 25 percent, staff considered the scope and type of contracts, as well as the schedule for completion of work. Factors such as: availability in sub-trades, project size and prevailing capacity of DBE firms; competing demands for like skills, and the structure of the contract as design-build were also considered in establishing the goal. Phase 2 contractors and Airports Authority staff will establish individual contract goals when appropriate in order to achieve the overall goal for Phase 2 of the Project.

Public Participation

Upon approval of the committee, the public participation period will begin on July 20 and end on September 4. During this process, notifications will be placed in at least three local newspapers, including the minority news media. Notice will also be published on the Airports Authority's website, and staff will meet or converse with DBE and non-DBE contractor organizations and other organizations knowledgeable about the availability of DBEs in the Airports Authority's marketplace to receive feedback from these organizations on DBE availability and the Airports Authority's overall goal. Written comments will be accepted from the public and will be maintained for the record.

Committee concurrence is requested to allow staff to proceed with the public participation process. At the end of the comment period, if no substantial comments opposing the 25 percent DBE goal are received, staff requests that its recommendation be forwarded to the full Board for approval without return to the Business Administration Committee.

Prepared by:
Office of Business Administration
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