

**BROWARD COUNTY AVIATION DEPARTMENT (BCAD), (FL)  
DISADVANTAGED BUSINESS ENTERPRISE CONCESSION METHODOLOGY  
GOAL FOR FISCAL YEAR 2006**

**SUMMARY**

The Disadvantaged Business Enterprise (DBE) regulation (49 CFR Part 23) establishes requirements for setting an overall goal for DBE participation in concession contracts. This rule requires recipients of Federal funds to use a methodology based on demonstrable data of relevant market conditions and is designed to reach a goal the recipient would expect DBEs to achieve in the absence of discrimination.

**AMOUNT of GOAL**

Broward County's overall concession contract goal for FY 2006 is the following: 10% of the total gross receipts for concessions. Given the amount of gross receipts for concession projects this fiscal year, \$302,646,377, this means that we have set a goal of expending \$30,264,637 with DBEs during this fiscal year for concession activities.

**METHODOLOGY**

**PROJECTED CONCESSION ACTIVITIES**

**Appendix A** identifies the breakdown of the location, number of contractors, percentage, and dollars spent on DOT-assisted projects in Broward County and Miami-Dade County from 2003 to 2005. A breakdown of anticipated concession projects for FY 2006 is also included.

**BCAD FISCAL YEAR 2006 CONCESSION PROJECTS ARE AS FOLLOWS:**

**Project Types**

Taxi Services  
Food and Beverage  
Fresh Flowers  
Business Services, Currency Exchange, ATM, Phone Cards  
Entertainment Rentals  
Advertising  
Shoe Shine  
News, Gifts, Retail  
Luggage Carts  
Duty Free Retail  
Public Pay Phones  
Car Care Services

## Limousine, Share Ride Transportation Car Rental

### Step 1. Base Figure Determination.

The first step in establishing an overall goal for DBE participation in Concession contracts is to examine the projected gross receipts of concessionaires, and in particular of the concession opportunities that will be coming up during the period covered by the goal. Car rentals are included in the examination of concession contracts. Because most concession dollars are spent with car rental companies, and most car rental companies are not DBE firms, the base figure is consequently a smaller percentage of total dollars being spent. Of the total \$302,646,377 for concessions, \$230,668,761 (or 76.21%) is associated with rental car concessions. Of the rental car concessions, \$2,430,153 (or 1.05%) are identified for DBE participation. If handled separately, non-car-rental concessions amount to \$71,977,616. DBE participation identified in non-car-rental specialties is \$16,815,498, or approximately 23.36% participation in concessions exclusive of car rental.

In terms of concession contracts and given figures included in Appendix A, it is anticipated that total gross receipts for FY 2005 will total \$302,646,377. For purposes of concession goal-setting, the car rental concessions will be addressed in total with other concessions, in keeping with the methodology required under 49 CFR Part 23. It is anticipated that \$19,245,651, or 6.4% of the total anticipated gross receipts, are presently from DBE participation. The base figure is therefore 6.4%

Step 2. In this step, a review of various types of available evidence about Normal Market Area contracting activity was undertaken to determine whether an up or down adjustment from the weighted Base Figure was needed. This evidence was obtained from several resources including, but not limited to, the second-generation Broward County 2000 Disparity Study and BCAD project reports and contract data. The evidence was examined to ascertain:

- the DBE goals assigned to DOT-assisted contracts for four fiscal years – 2002, 2003, 2004, 2005.
- the actual DBE participation on these contracts during that same period

The Disparity Study showed that DBE firms in Broward County's Normal Market Area were significantly underutilized over a nine year period in four broad NAICS categories: construction, architectural and engineering, business services and commodities.

The Disparity Study estimated the following DBE availability in the Normal Market Area: Construction - 27.4%; Business Services - 18.25%; Architectural and Engineering - 37.18%; and Commodities - 10.55%. The utilization of DBE firms occurred primarily in the form of smaller contracts, which did not comprise a significant portion of the total dollar value of awarded contracts. This is particularly true in the case of concessions, where the majority of total concession dollars are spent in rental car specialties.

Over the past year, Broward County has not received any formal complaints from certified DBE vendors. The 45 public comment period, required by 49 CFR Part 26 for construction projects, elicited no comment.

<b>Table 2 Past DBE Participation</b>		
<b>DBE Goal</b>	<b>Actual DBE Participation</b>	<b>Race Neutral Over/Under Goals</b>
(2002) 6.5%	6.7%	0.2%
(2003) 6.0%	6.9%	0.9%
(2004) 6.65%	4.5%	2.15%
(2005) 6.5%	6.4%	0.1%

The DBE participation for the past four fiscal years has 6.7%, 6.9%, 4.5%, and 6.4%. Therefore, the past median DBE participation percentage is 6.55%.

The County's Race Neutral variance over and under goals for the past four years has been: 0.2%, 0.9%, 2.15%, and 0.1%. Therefore the DBE race neutral median participation percentage is 0.55%.

Based on evidence of past DBE participation, the presence of new concession contracting opportunities, and given the potential for increasing participation to the level recommended by the U.S. Department of Transportation, it was determined that the Base Figure of 6.5% will be adjusted upward, to 10%. A new contract for retail operations, and contracts for four smaller projects, afford opportunity to increase the level of DBE participation to the recommended goal of 10%.

Broward County anticipates approximately 0.55% of the total FY 2005 overall DBE goal will be achieved through race neutral means and 9.45% through race conscious measures.

Estimated dollars for FY 2006 FAA concessions projects are \$302,646,377, of which \$16,614,725 (or approximately 6.5%) are projected for DBE participation on DOT-assisted contracts.

**PROCESS**

Broward County is required to submit its overall DBE goal to DOT on August 1 of each year, except in cases where a Federal Transit Administration or Federal Aviation Administration recipient submits a project goal.

Broward County has posted a notice of the proposed overall DBE goal, informing the public that the proposed goal and its rationale are available for inspection during normal business hours at the Office of Equal Opportunity, Small Business Development Division, for 30 days following the date of the notice, and informing the public that Broward County and DOT will accept comments on the goals for 45 days from the date of the notice.

Broward County has published its overall with the following newspapers Broward Times, Sun-Sentinel, and on its website. The notice included addresses to which comments may be sent and addresses (including offices and websites) where the proposal may be reviewed. See Exhibit B.

Broward County will begin using its overall DBE goal on October 1 of each year, unless we have received other instructions from DOT or, if the goal is established on a project basis, by the time of the first solicitation for a DOT-assisted contract for the project.

#### BREAKOUT OF ESTIMATED RACE-NEUTRAL AND RACE-CONSCIOUS PARTICIPATION

The following is a summary of the bases of the estimated break out of Race Neutral and Race Conscious DBE participation.

Broward County anticipates approximately 0.55% of the total FY 2006 overall DBE goal will be achieved through race neutral means and 9.45% through race conscious measures.

Broward County's overall concession contract goal for FY 2006 is the following: 10% of the total gross receipts for concessions. Given the amount of gross receipts for concession projects this fiscal year, \$302,646,377, this means that we have set a goal of expending \$30,264,637 with DBEs during this fiscal year for concession activities.

Broward County will meet the maximum feasible portion of its overall goal by using race-neutral means of facilitating DBE participation. Broward County will use the following race-neutral means to increase DBE participation:

- Arrange solicitations, give date and times for the presentation of bids, quantities, specification, 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, requiring or encouraging prime contractors to subcontract portions of work that they might otherwise perform with their own forces);

- Provide assistance in overcoming limitations such as inability to obtain bonding or financing (e.g., by such means as simplifying the bonding process, reducing bonding requirements, eliminating the impact of surety costs bids, and providing services to DBEs and other small businesses on obtaining bonding and financing);
- Provide technical assistance and other services upon request;
- Conduct informational and communication workshops on contracting procedures, attend pre-bid and pre-construction meeting on specific contract opportunities(e.g., ensuring the inclusion of DBEs and other small businesses on Broward County's mailing lists for bidders; ensuring the dissemination of information, such as the list of subcontractors to bidders on prime contracts;
- Refer DBEs to local support service programs to develop and improve immediate and long-term business management, record keeping, technological and electronic media capabilities and enhanced the financial and accounting capabilities of DBEs and other small businesses;
- Distribute the DBE directory, through print and electronic means, to the widest feasible universe of potential prime contractors;
- Assist DBEs, and other small businesses, to develop their capability to utilize emerging technology and conduct business through electronic media;
- Provide service to DBEs, and other small businesses, improve long-term development, increase opportunities to participate in a variety of kinds of work, handle increasingly significant projects, and achieve eventful self sufficiency, and
- Establish a program to assist new, start-up firms, particularly in fields in which DBE participation has historically been underutilized.

Broward County will adjust the estimated breakout of race-neutral and race-conscious participation as needed to reflect actual DBE participation (see 26.51(f)) and Broward County 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;
- DBE participation through a subcontract from a prime contractor that did not consider a firm's DBE status in making the award.

## CONTRACT GOALS

Broward County will use contract goals to meet any portion of the overall goal we do 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 County will use contract goals on DOT-assisted contracts to accomplish and address the concerns that are mentioned in the Disparity Study regarding DBE underutilization. The County will express our contract goal as a percentage of the total amount of a DOT-assisted contract.

Broward County is emphasizing its commitment to DBE participation in Concession contracts on each and every concession contract, by making DBE participation an important part of proposal evaluation. The County anticipates that the goal of 10% DBE participation will become a reality through greatly increased participation in the contracts which will become available over the next fiscal year.