

**BROWARD COUNTY OFFICE OF TRANSPORTATION  
DISADVANTAGED BUSINESS ENTERPRISE PROGRAM  
GOALS/METHODOLOGY  
FISCAL YEAR 2008**

**BACKGROUND**

Pursuant to 49 Code of Federal Regulations Part 26 (49 CFR 26), the US Department of Transportation requires that recipients of federal funding assistance of at least \$250,000.00 establish a Disadvantaged Business Enterprise (DBE) Program. The Office of Transportation of Broward County, as a recipient of USDOT funding, intends to comply with this requirement and would like to receive comments from the public with regard to its goals and goal-setting methodology.

**PROPOSED GOAL FOR FY 2008**

Broward County's Office of Transportation has established an overall goal of DBE participation for FY 2008 on U.S. Department of Transportation (USDOT)-assisted contracts. The projects that the Office of Transportation expects to receive USDOT funding during the next fiscal year account for approximately \$40,685,466 of which \$5,898,831 is projected for DBE participation on DOT-assisted contracts, for an annual goal of 14%.

**METHODOLOGY**

Step 1. Base Figure Determination

The base figure is intended to be a measurement of the current percentage of businesses that are DBEs. In order to ensure that this figure is based on demonstrable evidence of Broward County's relevant market conditions, the number of DBEs that are ready, willing and able to compete for federally-assisted projects have been identified and divided by all firms that are also considered ready, willing, and able to bid for the types of work contemplated to be funded this year.

**THE NORMAL MARKET AREA (NMA)**

A Normal Market Area is based on two factors: where the majority of all firms (DBE contractors/subcontractors and the non-DBE contractors/subcontractors) are located with whom Broward County does business, and where the majority of the contracting dollars are spent by Broward County on DOT-assisted projects.

Over the past several years, Broward County has included Miami-Dade and Broward Counties in its Normal Market Area for purposes of its DBE goal methodologies. However, Palm Beach County has long been a part of the County's market area; there is evidence of the interrelated nature of the economies of the three counties, and clear and regular utilization of vendors in one county being utilized by firms and other entities, including governments. Broward County has noted this in its extension of local minority and women-owned business enterprise certification,

as part of its program to address identified disparity in County procurement, to firms in Palm Beach County. For purposes of this methodology, the tri-county area (Miami-Dade, Palm Beach, and Broward Counties) is the location of the majority of firms with which the County does business, and where the majority of contracting dollars are spent.

In addition, this change is also reflected in the most recent (2002) Economic Census of the United States, wherein the Metropolitan Division encompassing the cities of West Palm Beach, Boca Raton, and Boynton Beach (most of Palm Beach County) is included in the Metropolitan Statistical Area (MSA) for Miami-Fort Lauderdale.

In terms of current certification in the County's directory, DBE firm certification is limited in Broward County, under the State of Florida Unified Certification Program, to firms located within Broward County. The certification patterns in Broward County's directory of certified firms are a fairer representation of actual availability of DBE and DBE-eligible firms in the normal market area.

#### Historical Utilization Patterns

In the County's 2001 Disparity Study, for the period 1990-1999, approximately 75% of construction-related and professional services-related dollars were associated with firms from Broward and Miami-Dade Counties. For architectural and engineering services, approximately 83% of dollars were associated with Broward County firms. For business services, Broward, Miami-Dade, and Palm Beach counties constituted the relevant market area, with approximately 73% of all business services dollars going to firms located in the tri-county area. For commodities, firms from Broward, Dade, and Palm Beach accounted for 54% of all commodities purchases.

#### **OFFICE OF TRANSPORTATION FISCAL YEAR 2008 PROJECTS**

The Office of Transportation used calculations by groups of NAICS codes and extracted only those codes of DBE firms who are ready, willing, and able to participate in the following FTA-assisted contracts for Fiscal Year 2008. They are as follows:

##### **Project Name**

- ADA Compliance Bus Stop Inspections
- ADA Improvements at Bus Stops
- AMDT Radio Upgrade on 50 vehicles (Orbital)
- Annual Maintenance Service Agreement
- Armed Security Services
- AutoCad 2007 Software
- Automatic Passenger Counting System (APC) on 55 Buses
- AVL/CAD System Maintenance & Support
- Bus Air Compressors
- Bus Parts Contract
- Bus Passenger Shelter Design, Installation & Maintenance

Bus Surveillance Equipment Maintenance, Repair & Service  
Comprehensive Operational Analysis (COA)  
Depot Component Repair  
Enunciator for Talking Bus System -Depot Component Repair  
Fire Alarm System (Copans), Remove & Replace  
Fort Lauderdale Convention Connection  
Genfare Fareboxes, Parts, Accessories & Repair  
Giro/HASTUS Annual Software and Maintenance Agreement  
Giro/HASTUS Software Upgrade  
Paratransit Software License, Systems & Services  
Paratransit Services Requirement  
Petroleum Products of Grease, Oils, Lubes  
Pressure Cleaning of Bus Terminal  
Radios/GPS/Voice & Data Communication System Maintenance & Support  
(Contract Renewal)  
Rebuild/Exchange Engines  
Rebuild/Exchange Transmissions  
Replacement/New Support Vehicle, Price Agreement  
Re-Roof and HVAC Renovations to Copans Road Mass Transit Bus Facility  
Security Systems at Copans & Ravenswood Road Facilities  
Smartcard Access and Control System  
Smarttrack Automatic Vehicle Locator/Computer Aided Dispatch Upgrade  
Systems Analyst for Update Office of Transportation  
Tire Leasing and Service, Price Agreement  
Transit Support Services Facility Building and Site Development  
Trapeze/ Multi-Systems Annual Maintenance Service Agreement  
Underground Storage Tank Systems Removal and Replacement, Design and  
Project Oversight  
Underground Storage Tank Systems Removal and Replacement  
Veeder Root Monitoring System Additional (Fuel Tank Monitoring System)  
Wet & Dry Filters for Bus Maintenance

## **NORTH AMERICAN INDUSTRY CLASSIFICATION SYSTEMS (NAICS)**

The total number of all contractors and subcontractors located in Broward County's Normal Market Area, who would be available for USDOT-assisted projects were extracted from the North American Industry Classification System (NAICS). Table 1 identifies the corresponding NAICS Codes, type of industry, and percentage and estimated dollar value most likely to be associated with proposed Office of Transportation projects for Fiscal Year 2008.

**Table 1 – NAICS Codes by Type/Percentage/Dollar Value for FY 2008 Projects**

<b>TYPE</b>	<b>NAICS</b>	<b># OF DBE &amp; DBE ELIGIBLE FIRMS</b>	<b>TOTAL # OF FIRMS</b>	<b>DOLLAR VALUE</b>	<b>% OF TOTAL</b>	<b>% DBE Firms/ Total Firms</b>	<b>Weighted %</b>
<b>POURED CONCRETE FOUNDATION AND STRUCTURE CONTRACTORS</b>	23811	52	360	\$407,580.50	2.29%	15%	0.01
<b>MOTOR VEHICLE SUPPLIES AND NEW PARTS MERCHANT WHOLESALERS</b>	42312	110	489	\$3,009,000.00	16.89%	23%	0.07
<b>SCENIC AND SIGHTSEEING TRANSPORTATION, LAND</b>	48711	3	9	\$495,000.00	2.78%	33%	0.01
<b>CUSTOM COMPUTER PROGRAMMING SERVICES</b>	54151	427	2356	\$881,397.98	3.89%	18%	0.02
<b>INDUSTRIAL BUILDING CONSTRUCTION</b>	23621	111	679	\$500,000.00	2.81%	16%	0.01
<b>PETROLEUM AND PETROLEUM PRODUCTS WHOLESALERS</b>	42472	14	59	\$167,407.80	0.94%	23%	0.00
<b>RESEARCH AND DEVELOPMENT IN THE SOCIAL SCIENCES AND HUMANITIES</b>	54172	8	39	\$400,000.00	2.24%	19%	0.01
<b>OTHER SERVICES TO BUILDINGS AND DWELLINGS</b>	56179	127	614	\$180,000.00	1.01%	21%	0.00
<b>WASTE TREATMENT AND DISPOSAL</b>	56221	5	25	\$17,000.00	0.10%	21%	0.00
<b>GENERAL AUTOMOTIVE REPAIR</b>	81111	298	1859	\$1,020,000.00	5.72%	16%	0.03
<b>ROOFING CONTRACTORS</b>	23816	54	373	\$761,418.00	4.27%	15%	0.02
<b>AUTOMOBILE AND OTHER MOTOR VEHICLE MERCHANT WHOLESALERS</b>	42311	46	206	\$84,000.00	0.47%	23%	0.00
<b>TIRE DEALERS</b>	44132	73	382	\$1,134,101.27	6.36%	19%	0.03

<b>SECURITY SYSTEMS SERVICES</b>	56162	78	367	\$542,041.52	0.80%	21%	0.01
<b>OIL AND GAS PIPELINE AND RELATED STRUCTURES CONSTRUCTION</b>	23712	1	7	\$3,000,000.00	16.83%	15%	0.07
<b>NEW CAR DEALERS</b>	44111	77	406	\$250,000.00	1.40%	19%	0.01
<b>SPECIAL NEEDS TRANSPORTATION</b>	48599 1	17	64	\$24,000,000.00	0.13%	27%	0.59
<b>COMPUTER PROGRAMMING</b>	54151 1	222	1050	\$177,000.00	0.99%	21%	0.00
<b>ENVIRONMENTAL CONSULTING SERVICES</b>	54162	42	170	\$550,000.00	3.09%	24%	0.01
<b>SECURITY GUARDS AND PATROL SERVICES</b>	56161 2	90	316	\$132,454.00	0.74%	29%	0.00
<b>AUTOMOTIVE TRANSMISSION REPAIR</b>	81111 3	24	143	\$350,000.00	1.96%	17%	0.01
<b>COMMUNICATION EQUIPMENT REPAIR AND MAINTENANCE</b>	81121 3	10	43	\$2,627,064.95	14.74%	23%	0.06
<b>TOTALS</b>		<b>2178</b>	<b>11191</b>	<b>\$40,685,466.02</b>	<b>100.00%</b>		<b>23.80 %</b>

Based on the assumption that the firms identified are ready, willing, and able to do business on DOT-assisted projects, information about the total number of DBE contractors and subcontractors doing business in each of the NAICS categories identified above was obtained from Broward County's Small Business Development Program directory, the statewide DBE directory, and the 2002 Economic Census, Survey of Business Owners. The Base Figure was then weighted by multiplying the number of DBE and DBE-eligible contractors and subcontractors in each NAICS category by the estimated percentage of dollars expected to be expended within each NAICS category on DOT-assisted projects in FY 2008. Estimates for total number of DBE-eligible service firms are based on the 2002 Economic Census proportions for service industries, applied to County Business Patterns data, in the cases of Other Professional, Scientific, and Technical Services, and Service to Buildings and Dwellings, which incorporate a broad spectrum of subcategories. This total weighted number was then divided by the total number of contractors and subcontractors derived from the County Business Pattern (CBP) data for the same NAICS groups. The following calculation was used to arrive at a Base Figure for Step 1 of the goal setting process:

Weighted Base Figure for each listed NAICS Code is calculated as follows:

$$\frac{\text{\# of DBE \& DBE-eligible firms}}{\text{Total \# of firms}} \times (\% \text{ of TOTAL})$$

The weighted percentages for each NAICS code are added together for the base figure, which in this case is 24%.

$$0.2380 \times 100 = 24\% \text{ Base Figure (rounded up from 23.80\%)}$$

The number of DBEs in the directories is a proportion of the number of firms who are ready, willing, and able to participate in Broward County DOT-assisted contracts. The resulting number of DBEs became the numerator. The denominator was derived from the Census Bureau's County Business Patterns (CBP) database.

### Step 2: Adjustments

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 2001 Disparity Study and Office of Transportation project reports and contract data.

In preparation for this methodology, the Small Business Development Division also examined the 2002 Economic Census of the United States, Survey of Business Owners, and calculated established availability for firms with paid employees that are owned by disadvantaged business enterprise-eligible groups.

The County is aware that DBE vendors and vendors that are potentially eligible for the DBE program are frequently unaware of the opportunities afforded to them through the DBE program. While the County has engaged in outreach activities to make such firms aware of certification and contracting opportunities, the most recent Economic Census indicates that the market of DBE and DBE-eligible vendors is potentially larger than our certification directory or statewide certification would indicate.

### **Historical Disparity**

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.

The Disparity Study also indicated that certain disadvantaged groups have difficulty obtaining capital, bonding, and insurance. In terms of patterns of business complaints or discrimination, focus groups included in the Disparity Study qualitative analysis section tend to support the notion that there is a preexisting pattern of market exclusion that must be dealt with through a goal program.

Contacts will be made, prior to the official submission of this methodology by the deadline of August 1, 2007, with various community organizations representing the DBE community and the contracting community to discern the presence or absence of need to adjust the goal given additional qualitative analysis by the Small Business Development Division over the comment period, to ensure that comments are taken into consideration and that the goal is sound.

- a. Determining the Median Past Participation - The first step in adjusting the Step One Base Figure for past participation is to determine the “median” past participation percentages. The following years were considered in calculating the median past participation percentage:

FY 2007	3.30%
FY 2006	5.20%
FY 2005	7.47%
FY 2004	6.71%
FY 2003	4.62%

- b. Adjusting the Step One Base Figure with the Median Past Participation – As a final step, the Step One Base Figure adjusted for past participation was obtained by taking the average of the Step One Base Figure and the median past participation. The average is then obtained by adding together the Step One Base Figure of 24% and the median past participation percentage of 5% and dividing it by 2.

$$(24\% + 5\%) / 2 = 14\%$$

Therefore, the adjusted Base Figure with Median Past Participation is 14%. This is the County’s annual DBE goal for the Office of Transportation.

In determining the level of potential race-neutral participation, the County reviews past performance against the DBE goal:

	GOAL	PERFORMANCE	DIFFERENCE
FY 07	19%	3.30%	15.70%
FY 06	17%	5.20%	11.80%
FY 05	19%	7.47%	11.53%
FY 04	25%	6.71%	18.29%
FY 03	15%	4.62%	10.38%

Given the appreciable difference in goals versus actual performance, Broward County is assigning the full 14% as race-conscious DBE participation. The County will work closely with the Office of Transportation to improve levels of DBE participation to more closely approximate market availability.

Estimated dollars for proposed FY 2008 FTA projects are \$40,685,466 of which \$5,898,831 is 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 posts 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 goal with the following newspapers: Sun-Sentinel, Broward Times, and Westside Gazette. The goal is also posted on the County website: [www.broward.org/smallbusiness](http://www.broward.org/smallbusiness). Broward County will issue this notice in June of each year. The notice will include addresses to which comments may be sent and addresses (including offices and websites) where the proposal may be reviewed.

Broward County has complied with the requirements of 49 CFR parts 26 through the following public outreach, public comment, and stakeholder consultation actions:

1. Advertisement of DBE goals for federally funded airport construction and mass transit annual goals in both the major local newspaper (Sun-Sentinel) and minority community newspapers (Broward Times, Westside Gazette). See Exhibit 1.
2. Prominent advertisement of DBE goal and call for public comment on the County's Business Development goal-setting page. See Exhibit 2.
3. E-mail request for public comment on DBE goals and information concerning how to obtain DBE certification sent to 3,225 certified (DBE or potentially DBE eligible) firms. See Exhibit 3.
4. E-mail request for public comment on DBE goals and DBE issues sent to the Florida Regional Minority Business Council. See Exhibit 4.
5. The solicitation of feedback via e-mails resulted in no responses directly related to FY 2008 Goal Methodology; nonetheless the emails did provide information to potentially eligible firms now seeking to get certified as DBEs.

Broward County has adhered to the requirements of the 45 day public comment period and is submitting its annual DBE goals to arrive by the deadline of August 1, 2007.

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

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

Broward County anticipates that 0% of the total proposed goal of 14% will be attained through race neutral means.

Estimated dollars for proposed FY 2008 FTA projects are \$40,685,466 of which \$5,898,831 is projected for DBE participation on DOT-assisted contracts.

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 in-house assistance in overcoming limitations such as the 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 meetings 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 providing a 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 enhance 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 that cannot be met 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 the overall goal that is not projected to be met through the use of race-neutral means.

Broward County will establish contract goals only on those DOT-assisted contracts that have subcontracting possibilities. We need not establish a contract goal on every such contract, and the size of contract goals will be adapted to the circumstances of each such contract (e.g., scope of work, location of work, and availability of DBEs to perform the particular type of work).

The County will express our contract goal as a percentage of the total amount of DOT-assisted contracts.