

**BROWARD COUNTY AVIATION DEPARTMENT (BCAD), (FL)  
DISADVANTAGED BUSINESS ENTERPRISE GOAL/METHODOLOGY  
FISCAL YEAR 2008**

**SUMMARY**

The Disadvantaged Business Enterprise (DBE) regulation (49 CFR Part 26) establishes requirements for setting an overall goal for DBE participation in federally funded 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 base figure goal for FY 2008 is the following: 25% of the Federal financial assistance we will expend in U.S. Department of Transportation (DOT)-assisted contracts.

Given the amount of proposed Department of Transportation-assisted contracts that Broward County expects to let during this fiscal year/project, \$35,189,007, the base goal is to expend \$8,797,251 with DBEs during this fiscal year.

**METHODOLOGY**

Step 1. Determination of Base Figure

The first step in establishing an overall goal for DBE participation is to establish a Base Figure for the relative availability of DBE vendors within the County's overall Normal Market Area from the business categories associated with Broward County Aviation Department (BCAD) projects in Fiscal Year (FY) 2008.

**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.

#### **BCAD FISCAL YEAR 2008 PROJECTS ARE AS FOLLOWS:**

##### **Project Name**

Taxiway & Ramp Rehabilitation Project  
Terminal One In-Line Baggage Screening System

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

The total number of all contractors and subcontractors located in Broward County's Normal Market Area, who would be available for U.S. DOT-assisted projects, was extracted from the U.S. Standard Industrial Classification (SIC)/North American Industry Classification System (NAICS) system. Table 1 identifies the SIC and corresponding NAICS codes, types of industry, and percentage and estimated dollar value most likely to be associated with proposed BCAD projects in 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 FIRMS</b>	<b>TOTAL # OF FIRMS</b>	<b>DOLLAR VALUE</b>	<b>% OF TOTAL</b>
<b>Highway, Street, and Bridge Construction</b>	237310	49	142	\$12,150,000.00	35%
<b>Water and Sewer Line and Related Structures Construction</b>	237110	44	162	\$1,620,000.00	5%
<b>Structural Steel and Precast Concrete Contractors</b>	238120	60	360	\$1,620,000.00	5%
<b>Electrical Contractors</b>	238210	260	1503	\$810,000.00	5%
<b>Electric Bulk Power Transmission and Control</b>	22112	0	14	\$615,243.83	2%
<b>Plumbing, Heating, and Air-Conditioning Contractors</b>	238220	269	1697	\$903,876.73	3%
<b>All Other Specialty Trade Contractors</b>	238990	135	689	\$17,469,886.44	50%
<b>TOTALS</b>		<b>817</b>	<b>4567</b>	<b>\$35,189,007</b>	<b>100.00%</b>

The County consulted the County's Small Business Development Program directory, and the statewide UCP directory of DBE vendors, for information on potentially available DBE and DBE eligible vendors, and initially compared the result of that research to the most recent County Business Patterns data for the tri-county.

The Base Figure was then weighted by multiplying the number of DBE 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. 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 Step1 of the goal setting process:

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

$$.2457 \times 100 = 24.57 \text{ base figure, rounded up to 25\%}$$

The number of DBEs in the directories is a proportion of the number of firms who are ready, willing, and able to participate in the proposed 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, except as previously noted.

Therefore, the weighted Base Figure is 25%.

## Step 2. Adjustment of Base Figure

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 Aviation Department 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	27%
FY 2006	21%
FY 2005	26%
FY 2004	12%
FY 2003	25%

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 25% and the median past participation percentage of 25% and dividing it by 2.

$$(25\% + 25\%) / 2 = 25\%$$

Therefore, the adjusted Base Figure with Median Past Participation is 25%. This is the County’s annual DBE goal for the Aviation Department.

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

	GOAL	PERFORMANCE	DIFFERENCE
FY 07	26%	27%	1%
FY 06	21%	21%	0%
FY 05	23%	26%	3%
FY 04	16%	12%	4%
FY 03	27%	25%	2%

Given the appreciable difference in goals versus actual performance during the program, the overall Broward County goal of 25% shall be broken out to 23% race-conscious and 2% race neutral. The County will work closely with the Aviation Department to improve levels of DBE participation to more closely approximate market availability.

Estimated dollars for proposed FY 2008 FAA projects are \$35,189,007 of which \$8,797,251 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.

## **PUBLIC COMMENTS**

Broward County has complied with the requirements of 49 CFR parts 23 and 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**

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.