Dallas Fort Worth International Airport Disparity Study Board Presentation January, 2020

Colette Holt & Associates
Background

- Board approved and adopted previous study on 9/1/2011
- Existing program sunsets 9/1/2020
- Commissioned Disparity Study RFP 8/30/2017
- Evaluation process completed 12/31/2017
- Board approved the award of the contract to Colette Holt and Associates (CHA) on 2/1/2018 with CHA committing to achieving a 30% SBE goal using:
  - Nervi’ Strategic Solutions, LLC
  - MRR & Associates, LLC
Background

- Public Introductory Meeting held 6/6/2018
- M/WBE Stakeholder Sessions held 6/21/2018
- Non-M/WBE Stakeholder Sessions 6/21/2018
- Business Owner Interview Sessions conducted August 2018.
  - There were a total of 8 sessions
Disparity Study Objectives

- Provide a legal defense if the programs are challenged
- Meet constitutional and FAA requirements
- Educate policy makers and stakeholders about the legal, regulatory and economic issues.
- Provide policy and program recommendations
Disparity Study Elements

- Conduct Legal review and analysis
- Review DFW’s current Business Diversity programs
- Determine of DFW’s Geographic and Industry markets
- Review the Utilization of minority- and women-owned firms
- Estimate the Availability of minority- and women-owned firms
- Conduct Economy-wide analyses
- Collect Anecdotal data collection and analysis
- Develop Recommendations
Disparity Study Findings (DFW Airport)

- Study analyzed FFY 2012-2017 contracts
  - Final Contract Data File
    - 163 non-FAA funded contracts totaling $1.738B
    - 5 FAA funded contracts totaling $57.731M
    - 1,054 concessions contracts totaling $2.084B
    - 88 car rental concessions contracts totaling $1.517B

- Geographic markets: Locations that account for 75% of DFW’s airport contract and subcontract dollar amounts
  - Non-FAA funded contracts: Dallas, Tarrant, Denton and Collin Counties
  - FAA funded contracts: Dallas, Denton and Tarrant Counties
  - Concessions contracts: Dallas, Tarrant, Harris, Midland, Denton and Collin Counties
  - Car-rental concessions contracts: Tarrant County (TX) and Los Angeles County (CA)
Disparity Study Findings (Qualitative)
DFW Airport

- General perception of experiences with DFW’s Programs
  - Interviewed 154 individuals
  - Programs generally work well
  - Contract goals remain essential
  - Information through BDDD is easy to access
  - Technical assistance and supportive services are needed
  - Contracting processes and requirements are barriers
  - Slow payments were reported
  - Change orders and project delays are problematic
Disparity Study Findings (Qualitative)
DFW Airport

• DBE and MBE/SBE programs
  ▪ Most prime contractors were able to meet DBE and MBE goals
    • Some thought goals were too high
    • It can be difficult to find qualified certified firms
    • Good faith efforts process is cumbersome and the short window increases risk
    • It can be difficult to substitute a non-performing certified firm

• ACDBE program
  • Creates opportunities for minorities and women
  • Some expressed concern that the program did not protect their financial interests
  • Distributions are timely
Disparity Study Findings
Market Place

- Qualitative Evidence of Disparities in DFW’s Market Place
  - M/W/DBEs experience stereotypes, discriminatory attitudes and biased perceptions
  - Bias operates against small firms
  - Workplace harassment continues, especially for women
  - M/W/DBEs are unable to obtain public sector work on an equal basis
    - Certification helped to reduce barriers
Disparity Study Findings
Economy Wide

- Economy-Wide Disparity Analysis
  - Useful to evaluate the effectiveness of race-neutral measures
  - Survey of Business Owners
    - Very large disparities in firm sales receipts between minority and White women firms and non-minority non-White women firms across all industries
  - American Community Survey
    - Blacks, Hispanics, Native Americans and White women earned lower wages, earned less from their businesses and formed fewer businesses than White males
  - Credit discrimination barriers remain high
  - Human capital constraints continue to impede success
Disparity Study Recommendations

- Augment race- and gender-neutral measures
  - Ensure prompt payment of prime vendors and subcontractors
  - Increase contract “unbundling”
  - Review contracting requirements
  - Provide additional training to prime bidders on program compliance
  - Ensure bidder non-discrimination and fairly priced subcontractor quotations by the primes
  - Review existing bonding program for M/WBEs
Disparity Study Recommendations

- Continue to implement narrowly tailored DBE and ACDBE programs
  - Use the Study to set triennial DBE and ACDBE Goal and contract goals

- Revise the M/WBE Program
  - Use the Study to set M/WBE annual and contract goals
  - Include all racial and ethnic minority groups and White women in the program
## Recommended Goals

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<thead>
<tr>
<th>Industry Area</th>
<th>Previous Goal %</th>
<th>Recommended Goal %</th>
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<tbody>
<tr>
<td>MBE Construction</td>
<td>25</td>
<td></td>
</tr>
<tr>
<td>*SBE Construction &lt;1M</td>
<td>20</td>
<td>31% (M/WBE goal for all industries)</td>
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<tr>
<td>M/WBE A&amp;E</td>
<td>35</td>
<td></td>
</tr>
<tr>
<td>*SBE Goods and Services</td>
<td>20</td>
<td></td>
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<tr>
<td>**Submitted to FAA for approval</td>
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<tr>
<td>DBE (Construction and A&amp;E)</td>
<td>28</td>
<td>32%**</td>
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<tr>
<td>ACDBE Concessions</td>
<td>33%</td>
<td>33%**</td>
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<tr>
<td><strong>Retain existing goal until 9/30/2020 when the submission of a new Triennial goal is due</strong></td>
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*SBE program was not recommended to continue*
Support development and growth of minority/women business enterprises to maximize participation

Transitioned from an SBE Program for Construction under $1 million and Goods and Services to all local programs M/WBE

Amended the M/WBE Local Annual Goals

Reduced DFW’s Relevant Market Area from twelve to four counties
Disparity Study
Next Steps

January 2020
- Board approves and adopts findings and revised policy

February 2020
- Engage Advocacy Groups

March 2020
- Revise Programs, Processes, and Systems as Needed

June 2020
- Implement Revised procedures, processes and systems