
E.S EXECUTIVE SUMMARY

MCCARRAN INTERNATIONAL AIRPORT NON-CONCESSIONS

In April 2007, MGT of America, Inc. (MGT), was retained to conduct a Disparity Study for the Clark County Department of Aviation (DOA) on behalf of McCarran International Airport (LAS) to determine whether there was a compelling interest to justify race- and gender-conscious elements of a disadvantaged business enterprise (DBE) program for the DOA. The study consisted of fact-finding to determine whether existing DOA efforts had eliminated active and passive discrimination; to analyze DOA contracting and procurement trends and practices for the study period from calendar years 2003 through 2008¹; and to evaluate various options for future program development.

The purpose of this study was to determine if there were disparities in contracting and procurement related to the race, ethnicity, or gender classification of business owners utilized on DOA projects—and if any disparities were found, to present evidence on various factors that might account for them.

E.1 Findings for Prime Contracting and Procurement

FINDING E-1: Historical M/W/DBE Prime Utilization

The 1994 DOA disparity study found that from fiscal years (FY) 1988 through 1992 MBEs were awarded over \$15.1 million in contracts, approximately 6.1 percent of total DOA spending.²

FINDING E-2: M/W/DBE Prime Utilization, Availability, and Disparity

The dollar value of M/W/DBE prime utilization by DOA over the study period is shown in **Exhibit E-1**. Disparity is shown in **Exhibit E-2**:

- M/W/DBEs won prime construction contracts for 2.22 percent of the total prime construction contract award dollar (\$19.9 million). There was substantial disparity for all M/W/DBE groups, except African American-owned firms.
- M/W/DBEs won construction subcontracts on DOA projects for 11.53 percent of the total subcontractor construction award dollars (\$1.59 million). There was disparity for African American-, Hispanic American- and nonminority women-owned firms on DOA projects. M/W/DBE subcontractor utilization fell to zero in FY2006/2007 when race conscious goals were ended.

¹ The study period for contracting (such as construction and architecture and engineering services) was from the calendar year beginning January 1, 2003, through the calendar year ending December 31, 2007. The study period for procurement (such as professional services, other services, and goods and supplies) was from January 1, 2005, through the calendar year ending December 31, 2008.

² BBC, *Regional Economic Disparity Study, Clark County Department of Aviation*, 1994, at lv-10, 11.

- M/W/DBEs won architecture and engineering prime consultant contracts for 1.06 percent³ of the total dollars (\$1.53 million). There was substantial disparity for firms owned by African Americans, Hispanic Americans, Asian Americans and nonminority women.
- M/W/DBEs won architecture and engineering subcontracts for 3.59 percent of the total architecture and engineering subconsultant dollars (\$2.09 million). There was substantial disparity for African American, Hispanic American, and nonminority women subconsultants on DOA projects.
- M/W/DBEs received professional services payments for 3.68 percent of the total professional services dollars (\$358,617). There was substantial disparity for firms owned by African Americans and Hispanic Americans.
- M/W/DBEs received other services payments for 1.16 percent of the total other services dollars (\$760,897). There was substantial disparity for firms owned by African Americans, Hispanic Americans, Asian Americans, and nonminority women.
- M/W/DBEs received goods and supplies payments for 13.8 percent of the total goods and supplies dollars (\$1.7 million). There was substantial disparity for firms owned by Hispanic Americans and Native Americans.

³ The utilization and availability findings are based on analyses presented in **Chapter 4.0** of this report. The disparity findings are based on analyses presented in **Chapter 5.0** of this report.

**EXHIBIT E-1
CLARK COUNTY DEPARTMENT OF AVIATION
MCCARRAN INTERNATIONAL AIRPORT
SUMMARY OF M/W/DBE UTILIZATION AND AVAILABILITY BY BUSINESS
CATEGORY**

Business Category	African American	Hispanic American	Asian American	Native American	Nonminority Women	Total M/W/DBE Firms
Construction Contract Dollars - Prime Contractor	\$19,995,000	\$0	\$0	\$0	\$0	\$19,995,000
Construction Utilization Percent - Prime Contractor	2.22%	0.00%	0.00%	0.00%	0.00%	2.22%
Construction Availability Percent - Prime Contractor	1.34%	1.56%	0.45%	0.45%	1.79%	5.58%
Construction Contract Dollars - Subcontractor	\$422,225	\$583,456	\$0	\$0	\$592,550	\$1,598,231
Construction Utilization Percent - Subcontractor	3.05%	4.21%	0.00%	0.00%	4.28%	11.53%
Construction Availability Percent - Subcontractor	3.30%	10.99%	0.00%	0.00%	8.79%	23.08%
Architecture/ Engineering Contract Dollars - Prime Consultant	\$0	\$1,435,618	\$100,000	\$0.00	\$0	\$1,535,618
Architecture/ Engineering Utilization Percent - Prime Consultant	0.00%	0.99%	0.07%	0.00%	0.00%	1.06%
Architecture/ Engineering Availability Percent - Prime Consultant	1.02%	5.10%	1.02%	0.00%	4.08%	11.22%
Architecture/ Engineering Contract Dollars - Subconsultant	\$0	\$1,436,797	\$603,548	\$0	\$53,079	\$2,093,424
Architecture/ Engineering Utilization Percent - Subconsultant	0.00%	2.46%	1.04%	0.00%	0.09%	3.59%
Architecture/ Engineering Availability Percent - Subconsultant	2.13%	6.38%	2.13%	0.00%	4.26%	14.89%
Professional Services Utilization Dollars - Prime Consultant	\$0	\$713	\$137,439	\$0.00	\$220,465	\$358,617
Professional Services Utilization Percent - Prime Consultant	0.00%	0.01%	1.41%	0.00%	2.26%	3.68%
Professional Services Availability Percent - Prime Consultant	0.64%	1.11%	0.48%	0.00%	2.07%	4.29%
Other Services Dollars - Prime	\$0	\$72,000	\$24,900	\$0	\$663,997	\$760,897
Other Services Utilization Percent - Prime	0.00%	0.11%	0.04%	0.00%	1.01%	1.16%
Other Services Availability Percent - Prime	0.13%	1.20%	0.13%	0.00%	3.07%	4.55%
Goods and Services Dollars - Prime	\$167,694	\$0	\$534,706	\$253,019	\$1,030,182	\$1,985,601
Goods and Services Utilization - Prime	1.17%	0.00%	3.72%	1.76%	7.16%	13.80%
Goods and Services Availability - Prime	0.46%	0.77%	0.62%	0.62%	2.77%	5.23%

Source: Utilization and availability findings are taken from exhibits presented in **Chapter 4.0**, Analysis Results.

**EXHIBIT E-2
CLARK COUNTY DEPARTMENT OF AVIATION
MCCARRAN INTERNATIONAL AIRPORT
DISPARITY FINDINGS
BY BUSINESS CATEGORY, ETHNIC/GROUP GROUP**

Business Category	African American	Hispanic American	Asian American	Native American	Nonminority Women
Construction Prime Contractor	NO	YES*	YES*	YES*	YES*
Construction Subcontractor	YES	YES*	N/A	N/A	YES*
Architecture and Engineering Prime Consultant	YES*	YES*	YES*	N/A	YES*
Architecture and Engineering Subconsultant	YES*	YES*	N/A	N/A	YES*
Professional Services	YES*	YES*	NO	N/A	NO
Other Services	YES*	YES*	YES*	N/A	YES*
Goods and Supplies	NO	YES*	NO	NO	NO

Source: The disparity findings are taken from exhibits presented in **Chapter 5.0**, Analysis Results.

YES denotes underutilization.

* An asterisk is used to indicate a substantial level of disparity – index below 80.00.

N/A denotes not available due to the mathematical constraint of division by zero. This occurred because there is zero utilization and/or availability in this category. Therefore, the data was not available

E.2 Findings for Private Sector Analysis

FINDING E-3: M/W/DBE Utilization on Building Permits

The utilization of M/W/DBE firms on private sector commercial construction projects was significantly lower than M/W/DBE utilization on DOA projects, and generally below most measures of M/W/DBE availability in the marketplace. Over the study period, M/W/DBEs won less than 0.5 percent of private sector commercial construction subcontracts, as compared to nearly 12 percent (11.53%) of DOA construction subcontracts (**Exhibit E-3**).

**EXHIBIT E-3
CLARK COUNTY DEPARTMENT OF AVIATION
MCCARRAN INTERNATIONAL AIRPORT
PRIVATE COMMERCIAL CONSTRUCTION
CLARK COUNTY, NEVADA**

Business Category / Data Source	African American	Hispanic American	Asian American	Native American	Nonminority women	M/W/DBE Firms	Non-M/W/DBE Firms
Prime Contractors							
Clark County Department of Aviation Construction Prime Contractors (Award Data)	2.22%	0.00%	0.00%	0.00%	0.00%	2.22%	97.78%
Private Construction Prime Contractors (Building Permits) Excludes Not for Profits	0.08%	0.00%	0.00%	0.00%	0.00%	0.08%	99.92%
	African American	Hispanic American	Asian American	Native American	Nonminority women	M/W/DBE Firms	Non-M/W/DBE Firms
Subcontractors							
Clark County Department of Aviation Construction Subcontractors (Award Data)	3.05%	4.21%	0.00%	0.00%	4.28%	11.53%	88.47%
Private Construction Subcontractors (Building Permits) Excludes Not for Profits	0.17%	0.18%	0.00%	0.00%	0.00%	0.35%	99.65%

Source: The utilization findings are presented in **Chapters 4.0** and **6.0**, Analysis Results.

E.3 Summary of Selected Commendations and Recommendations

COMMENDATIONS

- The DOA should be commended for having a commercial antidiscrimination statute. Some courts have noted that establishing antidiscrimination rules is an important component of race-neutral alternatives.⁴
- The DOA should be commended for its supportive services contract. The DOA should follow the example of the Port Authority of New York and New Jersey, for which management and technical assistance contracts have been structured to include incentives for producing results, such as the number of DBEs being registered as qualified vendors with the DOA, and increasing the number of DBEs graduating from subcontractor to prime contractor.
- The DOA should be commended for the level of DBE outreach and program satisfaction given the limited staff for the program. The DOA should continue to do joint initiatives with other local agencies in outreach to the minority and women business community.

⁴ *Engineering Contractors v. Dade County*, 943 F.Supp. 1546 (SD Fla 1996).

RECOMMENDATIONS

- The DOA should follow, where possible, the U.S. Department of Transportation Disadvantaged Business Enterprise (DBE) approach to design the M/WBE program.
- There is evidence supporting the reestablishment of race- and gender-conscious DBE goals in construction.⁵ DBE goals should be linked to DBE availability. The DOA should continue to let out some subcontract opportunities without specific DBE goals and closely monitor DBE utilization on these projects. The objective is to steadily increase the number of DBE dollars achieved without using race- and gender-conscious DBE goals.
- The DOA should insure that the S/M/WBE program implementation is narrowly tailored with respect to use of race-neutral alternatives and project goal setting.
- The DOA should consider establishing a SBE program.
- The DOA should consider a DBE mentor-protégé program where experienced DBE contractors serve as mentors for other DBE subcontractors.
- The DOA should consider bidder rotation.
- The DOA must continue to insure that DBE Liaison Officer have direct, independent access to [the DOA 's] Chief Executive Officer concerning DBE program matters".⁶ Commitment from the top leadership is a core element of most summaries of best practices in DBE programs.

⁵ Refer to **Chapter 4.0, Utilization and Availability Analysis**, and **Chapter 5.0, Non-Concessions Disparity Analysis**, for analyses for findings. Specifically, **Chapter 5.0** presents the findings that there is disparity for M/W/DBE prime contractors and subcontractors among various M/W/DBE groups.

⁶ 49 CFR Section 26.25.