

SECTION II.

Collection and Analysis of Contract Data

Section II describes (a) how BBC collected and analyzed Airport prime contract and subcontract data; (b) the types of construction, engineering, and material and equipment (“procurement areas”) included in the disparity study; and (c) the relevant geographic market area for Airport procurement.

A. Collection and Analysis of Prime Contract and Subcontract Data

BBC examined Authority prime contracts and subcontracts according to the following guidelines:

- The study period was January 1, 2003 through December 31, 2007.
- BBC first focused on FAA-funded contracts. Airport contract records were used to determine whether or not the Authority had treated a contract as FAA-funded.¹
- BBC determined contract size based on dollars at time of contract award.
- Time period of the contract was based on award date.
- BBC examined dollars going to prime contractors and to subcontractors.
 - Subcontract dollars are the dollar amounts committed to subcontractors at time of award, or, if those data were not available BBC used information from prompt payment reports and payment invoices.
 - If a contract involved subcontracting, BBC calculated the dollars to the prime contractor as the total contract amount less the dollars listed for subcontractors/suppliers.

In total, BBC identified 547 San Diego Airport prime contracts and subcontracts that were FAA-funded within the study period. These procurements totaled \$154 million. Only a portion of these procurements were suitable for analysis in the disparity study, as described below. BBC also identified 2,238 Authority prime contracts and subcontracts totaling \$167 million that were locally-funded.

Appendix A provides additional information about prime contract and subcontract data collection procedures.

¹ One dollar of FAA funding caused the Authority to treat a contract as FAA-funded.

B. Procurement Areas

BBC coded Authority contracts and subcontracts into 80+ specific procurement areas. For example, “electrical work” and “security systems services” are two procurement areas that were included in the disparity study. BBC identified the procurement area for a contract or subcontract based on the primary line of work for the contractor or vendor and in some cases from agency contract descriptions.

Once each contract and subcontract was coded into one of the 80+ procurement areas, BBC determined the procurement areas to be included in the SDCRAA disparity study.

Procurements typically not included in a BBC disparity study. Once total dollars were aggregated by procurement area, BBC identified and excluded procurement areas that were in any of the following six groups:

- Government, not-for-profit agencies or associations;
- Periodicals, books, software, or other types of purchases that are typically copywrited and produced by one national or international source;
- Real estate or other real property (purchases or leases), legal services (which are often dollars for real property) or financial services/insurance;
- Educational, social or medical services;
- Utilities, broadcast and communications services and other regulated industries; and
- Travel- and hospitality-related expenditures.

These procurement areas are typically not included in a BBC disparity study.

Areas of relatively small dollar volume. The disparity study focused on procurement areas with the highest aggregate dollars of FAA-funded contracts. Examples of smaller procurement areas not included in the study are printing and copying and furniture. In total, these areas account for \$9 million FAA-funded contract dollars over the five-year study period, substantially less than the \$133 million of FAA-funded San Diego Airport purchases in procurements areas included in the final utilization analysis.

Procurements made from outside the local area. BBC examined the relevant geographic market area for the Authority based on dollars of prime contracts and subcontracts. Contractors and vendors providing construction, engineering, and material or equipment to the Authority are typically located in Southern California, which for purposes of this study consists of the federally-defined San Diego Metropolitan Statistical Area² and Los Angeles Consolidated Metropolitan Statistical Area.³ Firms located in Central or Northern California without Southern California offices receive a relatively small dollar volume of Airport construction, engineering, material or equipment contracts and subcontracts. Figure II-1 shows a map of Southern California as defined in this study.

² Defined by the U.S. Bureau of the Census as San Diego County.

³ Defined by the U.S. Bureau of the Census as Los Angeles, Orange, San Bernardino, Riverside and Ventura counties.

**Figure II-1.
Southern California**



Note: Includes the Los Angeles Consolidated Metropolitan Statistical Area and the San Diego Metropolitan Statistical Area.

Source: BBC Research & Consulting.

Types of procurement that primarily went to firms located outside of Southern California were not examined in the disparity study. For example, the Authority had \$12 million in FAA-funded industrial equipment and machinery purchases, all of which appeared to go to a baggage-handling machine vendor outside Southern California.

Final procurement areas for San Diego Airport analysis. Figure II-2 lists the 28 procurement areas included in the analysis of utilization and availability of MBE/WBEs for Airport contracts. Together, these procurement areas account for \$133 million of Airport FAA-funded contracts from 2003 through 2007.

Figure II-2.
Dollars of San Diego Airport prime contracts and subcontracts for procurement areas examined in disparity study, 2003-2007

Sub-industry/procurement area	Funding Source (in thousands)		
	FAA	Non-FAA	Total
Construction			
Heavy construction	\$17,523	\$20,903	\$38,425
Soundproofing	\$17,232	\$214	\$17,446
Construction management	\$8,791	\$1,699	\$10,490
Building construction	\$4,143	\$4,800	\$8,942
Electrical work	\$2,123	\$4,145	\$6,268
Elevator installation and repair	\$0	\$5,975	\$5,975
Wrecking and demolition	\$3,796	\$115	\$3,911
Trucking	\$0	\$2,527	\$2,527
Concrete and related products	\$0	\$1,612	\$1,612
Structural steel	\$0	\$381	\$381
Roofing	\$0	\$335	\$335
Asphalt/paving mixtures	\$218	\$2	\$220
Heavy construction equipment rental	\$0	\$184	\$184
Water, sewer, and utility lines	\$0	\$97	\$97
Transportation signaling	\$0	\$78	\$78
Other building construction	\$1,406	\$3,987	\$5,393
Other heavy construction	\$2,346	\$151	\$2,497
Other construction materials	\$0	\$2,424	\$2,424
Other construction services	\$281	\$300	\$581
Construction Total	\$57,858	\$49,929	\$107,787
Engineering and professional services			
Engineering	\$54,662	\$23,242	\$77,904
Environmental and transportation planning	\$14,299	\$2,663	\$16,963
Testing services	\$0	\$620	\$620
Surveying and mapmaking	\$2	\$54	\$56
Engineering Total	\$68,963	\$26,579	\$95,542
Material and equipment			
Security systems services	\$228	\$6,763	\$6,990
Security services	\$0	\$6,116	\$6,116
Communications equipment	\$1,713	\$2,267	\$3,980
Cleaning and janitorial services	\$0	\$53	\$53
Petroleum products	\$0	\$3	\$3
Material and equipment Total	\$1,941	\$15,201	\$17,142
Total	\$128,762	\$91,709	\$220,471

Source: BBC Research & Consulting.

C. Geographic Distribution of FAA-funded Contract and Subcontract Dollars

Figure II-3 shows the distribution of contract dollars by firm location after excluding the types of purchases identified above. As shown, more than 90 percent of contract dollars for Airport construction, engineering, and material and equipment procurements went to firms with locations in Southern California.

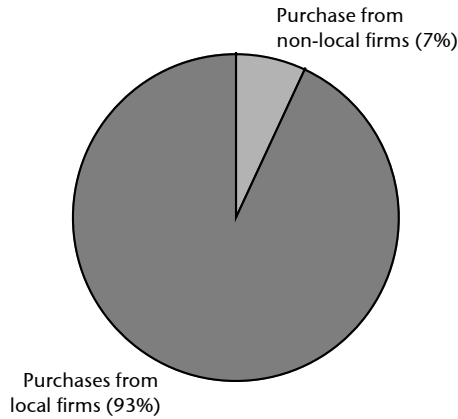
Figure II-3.
Percentage of San Diego Airport
FAA- and locally-funded prime
contract and subcontract dollars
awarded to firms located in
Southern California, 2003-2007

Note:

For those procurement areas examined in the San Diego Airport utilization and availability analysis.

Source:

BBC Research & Consulting.



The volume of work going to firms with locations in parts of Southern California outside San Diego County was sufficient to include all of Southern California in the relevant geographic market area for Authority procurement. (Note that the availability analysis discussed in Section III only includes firms as available for Authority work if they have a San Diego County location or perform work in San Diego County.)