

FY 2014-2016 Airport Concession DBE Goal Methodology
(Non-Car Rental Concessions)
for



Asheville Regional Airport
Asheville, NC

With Assistance From



Ken Weeden & Associates, Inc.

November 2013

METHODOLOGY for Establishing the FY 2014 – FY 2016 Airport Non-Car Rental Concession Disadvantaged Business Enterprise (ACDBE) Goal for:

Asheville Regional Airport, Asheville, NC (49 CFR Part 23)

In fulfillment of the requirements of 49 CFR Part 23, the Greater Asheville Regional Airport Authority has developed a proposed Overall Goal for FY 2014 – FY 2016 for Concessions other than Car Rentals.

I. Amount of Goal

The Greater Asheville Regional Airport Authority’s overall goal for concessions other than car rental (i.e. non-car rental) during the period beginning October 1, 2013 and ending September 30, 2016 is the following: **1.9%** of the total gross receipts for concessions at the airport. The following are not included in the total gross receipts for concessions: (a) the gross receipts of car rental operations, (b) the dollar amount of a management contract or subcontract with a non-ACDBE, (c) the gross receipts of business activities to which a management contract or subcontract with a non-ACDBE pertains, and (d) any portion of a firm’s estimated gross receipts that will not be generated from a concession.

The concession receipts anticipated during this goal period for all non-car rental concessions is **\$5,595,938**. If a new concession opportunity arises prior to the end of this goal period and the estimated average of annual gross receipts are anticipated to be \$200,000 or greater, the Authority will submit an appropriate adjustment to the overall goal. This will be submitted to the FAA for approval no later than 90 days before issuing the solicitation for the new concession opportunity. (23.45(i)).

The Authority has determined that its market area is **Buncombe County and Henderson County, North Carolina**. This is the geographical area in which the substantial majority of firms which seek to do concessions business with the Authority are located and the geographical area in which the firms which receive a substantial majority of concessions-related receipts are located.

A. Projected Concessions Opportunities: October 1, 2013 – September 30, 2016

Concessions receipts projected for the 3-year period is based upon the gross receipts for the preceding three years. The table below describe the gross concession receipts for that period.

Table 1: Gross Receipts for “All Other” (Non-Car Rental Concessions)

Fiscal Year	Concessions (excluding car rentals)
FY 2010	\$1,244,603
FY 2011	\$1,952,235
FY 2012	\$2,236,112
Total	\$5,432,950

Source: Authority; compiled by KWA

Based on the information provided in the table above, the total gross receipts for the three (3) year period for “all other” (non-car rental) concessions is **\$5,432,950**. This base number was multiplied by 3.0% the expected growth over the three year period in non-car rental concessions receipts at the airport for a total **non-car rental concessions base of \$5,595,938**.

B. Determination of Market Area

The market area is defined by the geographical area in which the substantial majority of firms which seek to do concessions business with the Authority are located and the geographical area in which the firms which receive the substantial majority of concessions-related receipts are located.

Based on discussions with the Authority and reviewing the location of current vendors for the Food & Beverage and News & Gifts Concessions the normal market area for “all other” concessions (non-car rental) was determined to be Buncombe County and Henderson County, North Carolina.

Table 2: Market Area for Non-Car Rental Concessionaires

County	Vendors	Percent of Vendors
Buncombe	8	66.7%
Henderson	2	16.7%
Market Area	10	83.3%
Other	2	16.7%
Total	12	100.0%

II. Methodology used to Calculate Overall Goal

A. Goods and Services

The Authority can meet the percentage goal by including the purchase from ACDBEs of goods and services used in non-car rental concessions business conducted at the airport. The Authority, and the non-car rental concessionaires at the airport, should make good faith efforts to explore all available options to achieve, to the maximum extent practicable, compliance with the goal through direct ownership arrangements, including joint ventures and franchises. The dollar value from purchases of goods and services from ACDBEs may be added to the numerator, and the dollar value from purchases of goods and services from all firms (ACDBEs and non-ACDBEs) may be added to the denominator.

B. Management Contract or Subcontract

The Authority can meet the percentage goal by including any non-car rental concessions operated through a management contract or subcontract with an ACDBE.

The Authority, and the non-car rental concessions at the airport, will add the dollar amount of a management contract or subcontract with an ACDBE to the total participation by ACDBEs in airport concessions (both the numerator AND the denominator) and to the base from which the Authority's percentage goal is calculated. However, the dollar amount of a management contract or subcontract with a non-ACDBE and the gross receipts of business activities to which the management contract or subcontract pertains will not be added to this base in either the numerator or denominator.

C. Step 1: 23.51 (c)

The Authority determined the base figure for the relative availability of ACDBEs other than car rentals. The base figure was calculated as follows:

The Step 1 DBE Base Figure was determined by dividing the number of ACDBE firms available by the total number of firms available to determine the relative availability of ACDBEs for each concession type. That relative availability or projected participation was multiplied by the percentage of total estimated receipts to determine the weighted availability of ACDBEs in the Authority's market area for each concession type as indicated in **Table 3** below.

Table 3: Determination of Relative Availability of ACDBEs (Non-Car Rental)

NAICS Codes	Concession Type/Group	# of ACDBE Firms in Market Area	/	Total # of Firms in Market Area	=	Relative Availability of DBEs in Market Area or Projected Participation	x	Estimated FY 14-16 Projected Receipts for Concession type	=	Projected FY 14-16 DBE Participation based on relative availability
722	Food & Beverage	0	/	759	=	0.0%	x	61.7%	=	0.0%
453220	News & Gifts	3	/	48	=	6.3%	x	30.4%	=	1.9%
541850	Advertising	0	/	4	=	0.0%	x	7.9%	=	0.0%
Total		3		811				100.0%		1.9%

Source:

1. 2011 County Business Patterns, U.S. Census Bureau.
2. North Carolina UCP DBE Directory, October 2013.
3. State of North Carolina, HUB Vendor Link, October 2013.

NOTE: The County Business Patterns data were used as the source to determine the denominator, or the number of all firms in the market area. The directories listed above were used to determine the numerator, or the number of DBE firms in the market area.

The Step 1 base goal for "all other" (i.e. non-car rental) ACDBEs is 1.9%.

Step 2: 23.51(d)

After calculating a base figure of the relative availability of ACDBEs, the Authority examined evidence to determine whether or not the base figure needs to be adjusted in order to arrive at the overall goal.

The data used to determine the adjustment to the base figure was:

1. **Past participation**

The Authority has no recent past ACDBE utilization history available with which to adjust the ACDBE base figure.

2. **Disparity Study**

The Authority is not aware of any disparity studies that have been conducted in the Asheville area.

D. Adjustment of the Step 1 Goal

In order to reflect as accurately as possible the ACDBE participation the Authority would expect in the absence of discrimination, the base figure was not adjusted. The Authority chose not to adjust the base figure because there is no recent past ACDBE utilization or other data which to adjust the goal. The overall goal for non-car rental concessions is 1.9%.

III. Consultation with Stakeholders (23.43)

Before establishing the ACDBE Non-Car Rental concessions goal, the Authority consulted with stakeholders in its concession program to obtain information concerning the availability of disadvantaged and non-disadvantaged businesses, the effects of discrimination on opportunities for ACDBEs, and the Authority's efforts to establish a level playing field for the participation of ACDBEs.

Breakout of Estimated Race-Neutral & Race-Conscious Participation
Section 23.51

The Authority will meet the maximum feasible portion of its overall goal by using race-neutral means of facilitating ACDBE participation. The Authority uses the race-neutral measures below to increase ACDBE participation. The Authority understands that it will be expected to actually take these steps, and this is not merely a paper exercise.

1. Locating and identifying ACDBEs and other small businesses who may be interested in participating as concessionaires under 49 CFR Part 23;
2. Notifying ACDBEs of concession opportunities and encouraging them to compete, when appropriate;

3. When practical, structuring concession activities so as to encourage and facilitate the participation of ACDBEs;
4. Providing technical assistance to ACDBEs in overcoming limitations.
5. Ensuring that competitors for concession opportunities are informed during pre-solicitation meetings about how the sponsor's ACDBE program will affect the procurement process;
6. Providing information concerning the availability of ACDBE firms to competitors to assist them in obtaining ACDBE participation.

The Authority estimates that, in meeting its overall goal of 1.9%, it will obtain 0.0% from race-neutral participation and 1.9% through race-conscious measures. The reason for this projected split is there is no recent past ACDBE utilization or other data which to project a race-neutral split. Therefore, the Authority expects to meet its entire overall goal using race-conscious means.

If the Authority projects that race-neutral measures, standing alone, are not sufficient to meet an overall goal, it will use the following race-conscious measures to meet the overall goal:

1. Establish concession-specific goals for particular concession opportunities;
2. Negotiate with potential concessionaires to include ACDBE participation through direct ownership arrangements or measures, in the operation of the concession; and
3. With prior FAA approval, other methods that take a competitor's ability to provide ACDBE participation into account in awarding a concession.

In order to ensure that the ACDBE program will be narrowly tailored to overcome the effects of discrimination, if the Authority uses concession-specific goals, it will adjust the estimated breakout of race-neutral and race-conscious participation as needed to reflect actual ACDBE participation (see 26.51(f)) and will track and report race-neutral and race conscious participation separately. For reporting purposes, race-neutral ACDBE participation includes, but is not necessarily limited to the following: ACDBE participation through a prime contract that an ACDBE obtains through customary competitive procurement procedures, ACDBE participation through a subcontract on a prime contract that does not carry ACDBE goal; ACDBE participation on a prime contract exceeding a concession specific goal; and ACDBE participation through a subcontract from a prime contractor that did not consider a firm's ACDBE in making the award.

The Authority will maintain data separately on ACDBE achievements in those contracts with and without concession specific goals, respectively.

Resources: Asheville Regional Airport Authority FY 2014 - 2016 Airport Concession DBE Program Methodology (Non-Car Rental Concessions)

Resource Documents:

1. North Carolina UCP DBE Directory
2. North Carolina Office for Historically Underutilized Businesses Vendor Directory
3. U.S. Census County Business Patterns