



FY 2017-2019 Airport Concession DBE Goal Methodology

(Non-Car Rental Concessions)

for

Asheville Regional Airport

Fletcher, North Carolina

September 2016

METHODOLOGY for establishing the FY2017 – FY2019 Airport Concession Disadvantaged Business Enterprise (ACDBE) Goal for:

Asheville Regional Airport, Fletcher, 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 FY2017 – FY2019 for Concessions other than Car Rentals.

1. Amount of Goal

The Greater Asheville Regional Airport Authority's (Authority) overall goal for concessions other than car rental (i.e., non-car rental) during the period beginning October 1, 2016 and ending September 30, 2019, is the following: 2 % of the total gross receipts for concessions at the Asheville Regional 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 \$7,158,343.00. If a new concession opportunity arises prior to the end of this goal period and 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 adjustment to the overall goal will be submitted to the FAA for approval no later than 90 days before issuing the solicitation for the new concession (23.45(i)).

The Authority has determined that its market area is Buncombe and Henderson Counties of 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, 2016 – September 30, 2019

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

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

Fiscal Year	Concessions (Excluding Car Rentals)
FY 2013	1,982,096
FY 2014	2,334,577
FY 2015	2,677,995
Totals	6,994,668

Source: Authority Financial Report

Based on the information provided in the table above, the total gross receipts for the three (3) year period for all other concessions is \$6,994,668.00. This base number was multiplied by 2.34% (e.g., historical 3 prior years compared to these three years averaging difference). The expected growth in non-car rental concessions receipts at the airport for a total non-car rental concessions base of \$7,158,343.00. The airport expects consistent revenue and does not anticipate major changes to increase or decrease concession revenue.

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 airport are located and the geographical area in which the firms which receive the substantial majority of concessions-related receipts are located.

The Authority believes that the normal market of potential ACDBEs that would participate would be local, especially for the purchase of goods and services. Therefore, the Authority is proposing the “normal” market area for all other concessions (non-car rental) was determined to be Buncombe and Henderson Counties in North Carolina, included in Divisions 13 and 14.

2. Methodology Used to Calculate Overall Goal

A. Goods and Services

The Authority can meet the percentage goal by including the purchases from ACDBEs of goods and services used in business 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 airport’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 (23.51c)

The Authority determined the base figure for the relative availability of non-car rental ACDBEs. 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 Airport’s market area for each concession type as indicated in Table 2 below.

Table 2: Determination of Relative Availability of ACDBEs (suppliers of goods and services)

Concession Type	NAICS Code	# of ACDBE Firms Market Area	/	Total # of All Firms	=	Relative Availability of ACDBEs or Projected Participation	X	Estimated % Projected Receipt for Concessions	=	Projected % of ACDBE Participation Based on Availability
Limited Service Restaurant	722513	0	/	4	=	0%	X	55%	=	0%
News & Gifts	453220	0	/	16	=	0%	X	35%	=	0%
Personal Services	812990	0	/	7	=	0%	X	10%	=	0%
Total:		0		27				100%		0%

Source:
 NCDOT Connect Website
 NAICS Website

The Step 1 base goal for non-car rental (all other) ACDBEs is 0 %

D. Step 2 (23.51d)

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 evaluated the current capacity of ACDBEs to perform work in non-car rental concessions program by measuring the volume of work ACDBEs have performed in the past.

Specifically, annual ACDBE accomplishments for the reporting periods listed below were assessed. The annual ACDBE percent accomplishment for each year and the median for the periods reported are noted.

Table 3: Asheville Regional Airport ACDBE Accomplishments for FY2010 – 2012

Report Period	ACDBE Goal	Total ACDBE % Achieved	Over/Under Achieved
FY2013	5	0	-5
FY2014	5	2.62	-2.38
FY2015	5	2.06	-2.94
Median	5	2.06	-2.3

Source: Concession Activity Reports, Airport records

The Airport will adjust the Step 1 DBE base figure of 0 % by adding to the annual historic median DBE participation noted in Table 3 above (2.06 %) for a total of 2.06 %, and averaging this total, for a final adjusted overall goal of 2 %.

- 2) Disparity Study

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

3. Consultation with Stakeholders (23.43)

Prior to 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 Airport’s efforts to establish a level playing field for the participation of ACDBEs.

4. Breakout of Estimated Race-Neutral and Race-Conscious Participation (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 listed below to increase ACDBE participation. The Authority understands that it will be expected to actually take these steps.

- A.** Locating and identifying ACDBEs and other small businesses who may be interested in participating as concessionaires under 49 CFR Part 23;
- B.** Notifying ACDBEs of concession opportunities and encouraging them to compete when appropriate;
- C.** When practical, structuring concession activities so as to encourage and facilitate the participation of ACDBEs;
- D.** Submit information on company website for concession opportunities;
- E.** Provide guided steps on how the Airport's ACDBE program works, when opportunities are available;
- F.** Providing information concerning the availability of ACDBE firms to competitors to assist them in obtaining ACDBE participation; and
- G.** Provide technical assistance to ACDBEs in overcoming limitations.

The Authority estimates to meet the overall goal of 2 %, the Authority will obtain 0 % from race-neutral participation and 2 % through race-conscious measures. The reason for this projected split is there is no recent past ACDBE race-neutral utilization or other data which to project a race-neutral split. Therefore, the Authority expects to meet its entire overall goal using race-conscious measures.

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:

- A.** Establish concession-specific goals for particular concession opportunities;
- B.** Utilize other methods, with FAA approval, that allow a competitor's ability to provide ACDBE participation into account in awarding a concession; and
- C.** Negotiate with potential concessionaires to include ACDBE participation through direct ownership arrangements or measures in the operation of the concession.

In order to ensure that the ACDBE program will be adjusted to overcome the effects of discrimination, the Authority may need to adjust the estimated race-neutral and race-conscious participation as needed to reflect actual ACDBE participation (26.51(f)) and will track the reporting 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

through a subcontract from a prime contractor that did not consider a firm's ACDBE status in making the award.

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

Resources used: Authority FY2017-2019 Airport Concession ACDBE Program Methodology (Non-Car Rental Concessions) and Connect NCDOT Business Partner Resources.