

FY 2020 - 2022

AIRPORT CONCESSION DISADVANTAGED BUSINESS ENTERPRISE
PROGRAM METHODOLOGY- Non-Car Rentals



GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY
FLETCHER, NORTH CAROLINA

With Assistance From



Ken Weeden & Associates, Inc.

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METHODOLOGY for Establishing the FY 2020 – FY 2022 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 (GARAA) has developed a proposed Overall Goal for FY 2020 – FY 2022 for Non-Car Rentals.

General Information:

Airport Sponsor: **Greater Asheville Regional Airport Authority**

Airport: **Asheville Regional Airport**

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I. Amount of Goal

Greater Asheville Regional Airport Authority's overall goal for concessions other than car rentals (i.e. non-car rental) during the period beginning October 1, 2019 and ending September 30, 2022 is the following:

Overall Goal:	<u>1.1%</u>
Race-Neutral:	<u>0.0%</u>
Race-Conscious:	<u>1.1%</u>

The goal is based on 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 revenues anticipated during this goal period for all non-car rental concessions is **\$12,709,997**. If a new concession opportunity arises prior to the end of this goal period and the estimated average of annual gross revenues are anticipated to be \$200,000 or greater, the Airport will submit an appropriate adjustment to the overall goal. This will be submitted to FAA for approval no later than 90 days before issuing the solicitation for the new concession opportunity (23.45(i)).

Table 1: Concession Lease Dates

Concession Type	Concession	Beginning Lease Date	Ending Lease Date
Food/Beverage & News/Gifts	Paradies	12/31/2010	12/31/2020
ATM			

A. Projected Concessions Opportunities: October 1, 2019 – September 30, 2022

Concession revenue opportunity for the 3-year period is based upon the gross receipts for FY 2018. The total gross receipts for FY 2018 for “all other” (non-car rental) concessions was **\$3,992,301**. This base number was increased by 3.0% the expected growth for FY 2020 and increased 3% each subsequent year for a total **non-car rental concessions base of \$12,709,997**.

Table 2: Projected Gross Receipts for “All Other” (Non-Car Rental Concessions)

Fiscal Year	Projected Gross Receipts
FY 2020	\$4,112,070
FY 2021	\$4,235,432
FY 2022	\$4,362,495
Total	\$12,709,997

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 revenues are located.

Based on the addresses provided by firms who were interested in doing business with the Airport, and based upon the addresses of the current concessionaires in the Airport, it was determined that the market area is the **Asheville, NC Metropolitan Statistical Area**.

Table 3: Non-Car Rental Market Area

Asheville MSA

II. Methodology used to Calculate Overall Goal

A. Goods and Services

The GARAA 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 Airport, and the non-car rental concessionaires at the Airport, shall 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 GARAA can meet the percentage goal by including any non-car rental concessions operated through a management contract or subcontract with an ACDBE. The GARAA, 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 revenue 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 GARAA 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 was multiplied by the percentage of total estimated revenue to determine the weighted availability of ACDBEs in the Airport's market area for each concession type as indicated in **Table 4** below.

Table 4: Determination of Relative Availability of ACDBEs (Non-Car Rental)

Concession Type/Group	NAICS Codes	ACDBES	All Firms	Availability	x	Estimated FY 20-22 Projected Revenue	=	Projected FY 20-22 DBE Participation
News & Gifts	453220	4	80	0.6%	x	19.99%		1.0%
ATM	522110	0	117	0.6%	x	0.05%	=	0.0%
Food/Beverage	722511	0	381	0.6%	x	79.96%	=	0.0%
Step 1 Base Figure						100.0%		1.0%

Sources:

1. North Carolina Unified Certification Program, DBE Directory, August 2019.
2. North Carolina Department of Administration, HUB Directory, August 2019.
3. US Census Bureau, 2016 County Business Patterns.

Concessions that are shaded do not have opportunities. Their projected participation was used as availability.

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 DBE directories listed above was 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 **1.0%**.

D. Step 2: 23.51(d)

After calculating a base figure of the relative availability of ACDBEs, the GARAA 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 GARAA evaluated the current capacity of ACDBEs to perform work in the concessions program by measuring the volume of work ACDBEs have performed in the past.

The historical ACDBE accomplishments at the Airport in recent years were examined relative to the above consideration (i). Specifically, the annual “Uniform Report of ACDBE Participation” for the reporting periods listed below was assessed. Notice the annual ACDBE accomplishment percent for each year, and the median for the periods reported.

Table 5: Asheville Regional Airport ACDBE Accomplishments for FY 2016 - FY 2018

Report Period	ACDBE Goal	Total ACDBE % Achieved	Achieved Over/Under
2016	1.9%	1.19%	-0.7%
2017	2.0%	2.15%	0.2%
2018	2.5%	0.34%	-2.2%
MEDIAN	2.0%	1.19%	-0.7%

Source: Uniform Report of ACDBE Participation, Asheville Regional Airport.

The median ACDBE accomplishment for the reporting periods as shown above is **1.19%**, compared to the Step 1 DBE base figure for the Airport of **1.0%**. This seems to indicate that the Step 1 base figure under-estimates ACDBE capacity at the Airport.

2. **Disparity Study**

The City of Asheville completed a disparity study in 2018. After reviewing the disparity study, the GARAA determined that there was no information in the disparity study related to airport concessions.

E. Adjustment of the Step 1 Goal

In order to reflect as accurately as possible ACDBE capacity, the GARAA will adjust the Step 1 DBE base figure of 1.0% by averaging it with the ACDBE participation noted in Table 4 above (**1.19%**), for a final adjusted overall goal of **1.1%**.

III. Consultation with Stakeholders (23.43)

Before establishing the ACDBE Non-Car Rental goal, the GARAA consulted with small, minority and women-owned business development organizations including current airport concessionaires, without limiting consultation to these persons or groups, to obtain information concerning the availability of disadvantaged and non-disadvantaged businesses, the effects of discrimination on opportunities for ACDBEs, and the GARAA's efforts to establish a level playing field for the participation of ACDBEs. Please see Attachment B for comments from the consultation process.

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

The GARAA will meet the maximum feasible portion of its overall goal by using race-neutral means of facilitating ACDBE participation. The GARAA uses the race-neutral measures below to increase ACDBE participation. The GARAA 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, such as inability to obtain bonding or financing;
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 GARA proposes a race-conscious goal of 1.1% and a race-neutral goal of 0.0%. The reason for this projected split is that the historical information on DBE participation showed that the median amount by which the goals were under achieved over the previous three years was 0.7%. Therefore, the GARA expects to meet then entire goal using race-conscious measures.

If the GARA 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 GARA 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 GARA will maintain data separately on ACDBE achievements in those contracts with and without concession specific goals, respectively.

Appendix A: Resource Listing

A. Resource Documents:

1. North Carolina Unified Certification Program, DBE Directory.
2. North Carolina Department of Administration, HUB Directory.
3. US Census Bureau, 2016 County Business Patterns.
4. Uniform Report of ACDBE Participation.