



FY 2017-2019 Airport Concession DBE Goal Methodology

(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 Car Rentals Concessions.

1. Amount of Goal

The Greater Asheville Regional Airport Authority’s overall car rental goal for the period beginning October 1, 2016 and ending September 30, 2019, is the following: 2.5% of the total gross receipts of car rental operations at the Asheville Regional Airport.

There are no new car rental concession opportunities anticipated for this time period. If any additional car rental concession opportunities arise 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 Authority will submit an appropriate adjustment to the overall goal. This will be submitted to FAA for approval at least 6 months before executing the new concession agreement (23.45(i)).

The Authority has determined that its market area for car rental concessions is the local area of Buncombe and Henderson Counties of North Carolina. The market area is usually 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 a substantial majority of concessions related receipts are located.

A. Projected Concessions Opportunities: October 1, 2016 – September 30, 2019

Concessions revenue 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 Car Rental Concessions

Fiscal Year	Car Rental Concessions
FY 2013	11,514,455
FY 2014	12,823,976
FY 2015	13,961,114
Totals	38,299,545

Source: Airport Financial Report

Based on the information provided in the table above, the total gross receipts for the three (3) year period for car rental concessions is \$38,299,545. This base number was multiplied by 2.71% (e.g., historical 3 prior years compared to these three years averaging the difference between the 6yr period.) expected growth in car rental concessions receipts at the airport for a total car rental concessions base of \$39,337,463.00.

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, although firms that are currently doing business with the airport are located nationally, ACDBEs that would participate would be local. Therefore, the Authority is proposing to use Buncombe and Henderson Counties of North Carolina as the market area.

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 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 business operated through a management contract or subcontract with an ACDBE. The businesses at the airport will add the dollar amount of the 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 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 as indicated in Table 2 below.

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

Concession Type	NAICS Code	ACDBE Firms in Market Area	All Firms in Market Area	% of ACDBE Firms Available
Motor Vehicle Supplies	423120	0	5	0%
Automobile Parts and Acces	441310	0	1	0%
General Automotive Repair	811111	1	2	50%
Specialized Freight Trucking (Local)	484220	0	297	0%
Specialized Freight Trucking (Long Distance)	484230	0	23	0%
Recyclable Materials	423930	0	2	0%
Automotive Tire Dealer	441320	0	2	0%
Keys-Hardware Merchant	423710	1	8	12.5%
Insurance	524210,524298	1	10	10%
Customer Service Consult	541613	4	75	5.3%
Management Development	611430	4	30	13.3%
Totals		11	455	2.4%

Source: NCDOT UCP, DBE Directory

The Step 1 base goal for car rental ACDBEs is 2.4%

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 reviewed past years ACDBE utilization available in which to adjust the ACDBE figure. 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 FY2013 – 2015

Report Period	ACDBE Goal	Total DBE % Achieved	Under Achieved
FY2013	6	0%	6%
FY2014	6	2.76%	3.24%
FY2015	6	.10%	5.9%
Median	6	.10%	5.9%

The median ACDBE accomplishment for each of the reporting periods as shown above is .10 %, compared to the Step 1 DBE base figure for the airport of 2.4 %. This may indicate that the Step 1 base figure over-estimates ACDBE capacity at the Airport.

The Airport will adjust the Step 1 DBE base figure of 2.4 % by adding to the annual historic median DBE participation noted in Table 3 above (.10 %) for a total of 2.5 %, for a final adjusted overall goal of 2.5 %.

2) Disparity Study

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

E. Adjustment of the Step 1 Base Figure

The Authority chose not to adjust the base figure. The ACDBE participation that the Authority would expect, in the absence of discrimination, is achievable. The Authority will use the adjusted base figure of 2.5 % overall goal for car rental concessions.

3. Consultation with Stakeholders (23.43)

Before establishing the ACDBE 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 and this is not merely a paper exercise.

- 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. Provide technical assistance to ACDBEs with concession opportunities in overcoming limitations; and
- E. Providing information concerning pre-solicitation meetings about the availability of opportunities for ACDBE firms to competitors for concessions to assist them in obtaining ACDBE participation.

The Authority estimates that, in meeting its overall goal of 2.5%, it will obtain 0% from race-neutral participation and 2.5% through race-conscious measures. The reason for this projected split is that the median amount by which the Authority under achieved its goals over the preceding three (3) year period as shown in Table 3 is 5.9 %. 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:

- 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 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 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:

1. Asheville Regional Airport FY2017 – 2019 Airport Concessions DBE Program Methodology (Car Rental Concessions)
2. North Carolina UCP DBE Directory