

FY 2016-2018 Airport Concession DBE Goal Methodology
(Non-Car Rental Concessions)
for



Greenville-Spartanburg Airport District
Greenville-Spartanburg International Airport
Greenville, SC

(EXHIBIT C)

With Assistance From



Ken Weeden & Associates, Inc.

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METHODOLOGY for Establishing the FY 2016 – FY 2018 Airport Concession
Disadvantaged Business Enterprise (ACDBE) Goal for:
Greenville-Spartanburg Airport District
Greenville-Spartanburg International Airport, Greenville, SC (49 CFR Part 23)

In fulfillment of the requirements of 49 CFR Part 23, the Greenville-Spartanburg Airport District has developed a proposed Overall Goal for FY 2016 – FY 2018 for Concessions other than Car Rentals.

I. Amount of Goal

The Greenville-Spartanburg Airport District's (the Airport District) overall goal for concessions other than car rental (i.e. non-car rental) during the period beginning October 1, 2015 and ending September 30, 2018 is the following: **5.9%** of the total gross receipts for concessions at the Greenville-Spartanburg International 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 **\$18,744,232**. 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 District will submit an appropriate adjustment to the overall goal. This will be submitted to FAA for approval at least 90 days before issuing the solicitation for the new concession opportunity (23.45(i)).

A. Projected Concessions Opportunities: October 1, 2015 – September 30, 2018

Concessions revenue opportunity for the 3-year period is based upon the gross receipts for the preceding year. The table below describe the gross concession receipts for the goal period.

Table 1: Projected Gross Receipts for "All Other" (Non-Car Rental Concessions) FY 2016 – FY 2018

Fiscal Year	Gross Receipts
FY 2016	\$6,064,328
FY 2017	\$6,246,258
FY 2018	\$6,433,646
Total	\$18,744,232

Source: Airport District; compiled by KWA

Projected gross receipts are based on a 3.0% expected annual growth rate over the FY 2014 gross receipts of \$5,887,697. The total projected non-car rental concessions revenue for the goal period is \$18,744,232.

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 District 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 District, and based upon the locations of the current concessionaires, it appears that the market area is nationwide.

The Airport District believes that this determination poses two problems. First, the availability of ACDBEs on a national level is difficult to determine. A potential source for such information is the US Census Bureau 2007 Survey of Business Owners. The Survey only gives information of ACDBEs to the two-digit level of the NAICS code, which is very broad. Using this source grossly over-estimates the availability of ACDBEs and makes the goal unrealistic and likely unattainable. Second, the Airport District believes that, although firms that are currently doing business with the Airport District are located nationally, ACDBEs that would participate would be located within the state, especially for the purchase of goods and services. Therefore, the Airport District is proposing to use a **statewide** market area. Therefore, the market area will be the **State of South Carolina**.

II. Methodology used to Calculate Overall Goal

A. Goods and Services

The Airport District 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 District, 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 Airport District can meet the percentage goal by including any non-car rental concessions operated through a management contract or subcontract with an ACDBE. The Airport District, 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 District'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 Airport District 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 District's market area for each concession type as indicated in **Table 2** below.

Table 2: Determination of Relative Availability of ACDBEs (Non-Car Rental)

NAICS Codes	Concession Type/Group	# of DBE Firms in Market Area	/	Total # of Firms in Market Area	=	Relative Availability of DBEs in Market Area	x	Estimated FY 16-18 Projected Revenue for Concession type	=	Projected FY 16-18 DBE Participation based on relative availability
453220	News & Gifts	14	/	409	=	3.4%	x	35.1%	=	1.2%
485310	Ground Transportation	2	/	44	=	4.5%	x	15.9%	=	0.7%
722310	Food & Beverage	11	/	348	=	3.2%	x	49.0%	=	1.6%
Step 1 Base Goal										3.5%

Sources:

1. South Carolina UCP DBE Directory, September 2015.
2. South Carolina Division of Small and Minority Business Contracting and Certification Directory, September 2015.
3. FAA DBE Connect, September, 2015
4. US Census Bureau, 2013 County Business Patterns.

The Step 1 base goal for "all other" (i.e. non-car rental) ACDBEs is 3.5%.

B. Step 2: 23.51(d)

After calculating a base figure of the relative availability of ACDBEs, the Airport District 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 Airport District 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 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 DBE percent accomplishment for each year, and the annual median for the periods reported.

Table 3: Greenville-Spartanburg International Airport ACDBE Accomplishments for FY 2012-FY 2014

Year	Goal	Accomplishment	Over/Under
FY 2012	8.8%	8.3%	-0.5%
FY 2013	8.8%	2.6%	-6.2%
FY 2014	8.8%	9.6%	0.8%
Median	8.8%	8.3%	-0.5%

Source: Uniform Report of ACDBE Participation, Greenville-Spartanburg Airport District

The median ACDBE accomplishment for each of the reporting periods as shown above is 8.3%, compared to the Step 1 DBE base figure for the Airport District of 3.5%. This seems to indicate that the Step 1 base figure underestimates ACDBE capacity at the Airport District.

Therefore, the Airport District will adjust the Step 1 DBE base figure of 3.5% by adding it to the median ACDBE participation (**8.3%**) for a total of 11.8% and averaging this total, for a final adjusted overall goal of **5.9%**.

2. Disparity Study

The Greenville-Spartanburg Airport District is not aware of any disparity studies that have been conducted in the Greenville area.

B. Adjustment of the Step 1 Goal

The reason the Airport District chose to adjust the base figure using these data was because past participation by ACDBEs indicated that the step 1 goal underestimates ACDBE capacity. In order to reflect as accurately as possible the ACDBE participation the Airport District would expect in the absence of discrimination, the Airport District has adjusted the base figure of 3.5% upward by 2.4 points. The overall goal for non-car rental concessions is 5.9%.

III. Consultation with Stakeholders (23.43)

Before establishing the DBE non-car rental concessions goal, the Airport District 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 District's efforts to establish a level playing field for the participation of ACDBEs.

The Airport District held a stakeholder meeting where stakeholders were given an overview of the concession program requirements and an opportunity to comment on the goal methodology. The attendee list and comments can be found in Appendix A.

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

The Airport District will meet the maximum feasible portion of its overall goal by using race-neutral means of facilitating ACDBE participation. The Airport District uses the race-neutral measures below to increase ACDBE participation. The Airport District 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 Airport District proposes a race-conscious goal of 5.9% and a race-neutral goal 0.0%, for a total of 5.9%. The reason for this projected split is the Airport District underachieved its ACDBE goals by a median of 0.5% between 2012 and 2014. Therefore the Airport District will achieve its entire goal using race-conscious means.

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

Resources: Greenville-Spartanburg Airport District FY 2016 - 2018 Airport Concession DBE Program Methodology (Non-Car Rental Concessions)

Resource Documents:

1. South Carolina UCP DBE Directory.
2. South Carolina Division of Small and Minority Business Contracting and Certification Directory.
3. FAA DBE Connect.
4. U.S. Census County Business Patterns.
5. Uniform Report of ACDBE Participation.