

FY 2023 - 2025

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



Mobile Airport Authority

MOBILE, ALABAMA

With Assistance From



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METHODOLOGY for Establishing the FY 2023 – FY 2025 Airport Concession
Disadvantaged Business Enterprise (ACDBE) Goal for:

Mobile Airport Authority, Mobile, AL (49 CFR Part 23)

In fulfillment of the requirements of 49 CFR Part 23, the Mobile Airport Authority has developed a proposed Overall Goal for FY 2023 – FY 2025 for Non-Car Rentals.

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I. Amount of Goal

Mobile Airport Authority’s overall goal for concessions other than car rentals (i.e. non-car rental) during the period beginning October 1, 2022 and ending September 30, 2025 is the following:

Overall Goal:	<u>17.47%</u>
Race-Neutral:	<u>17.47%</u>
Race-Conscious:	<u>0.00%</u>

The goal is based on the total gross receipts for concessions at the Mobile Airport Authority. 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 **\$4,849,384**. 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 / Retail	Hudson	10/1/2022	9/30/2024
Advertising	Clear Channel	08/01/2019	07/31/2024
ATM	Regions Bank	2/1/2019	1/31/2025

A. Projected Concessions Opportunities: October 1, 2022 – September 30, 2025

Concession revenue opportunity for the 3-year period is based upon the gross receipts for FY 2021. The total gross receipts for FY 2021 for “all other” (non-car rental) concessions were **\$1,523,226**. This base number was increased by 3.0% the expected growth for FY 2023 and increased 3% each subsequent year for a total **non-car rental concessions base of \$4,849,384**.

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

Fiscal Year	Projected Gross Receipts
FY 2023	\$1,568,923
FY 2024	\$1,615,991
FY 2025	\$1,664,470
Total	\$4,849,384

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 upon this definition and information available to the Airport, the market area for “all other” or non-rental car concessions is the state of Alabama.

Table 3: Non-Car Rental Market Area

Alabama

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 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 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 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 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 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	NAICS	DBEs	All Firms	Availability	Dollars	DBE Dollars
Retail	453220			20.0%	\$755,636	\$151,127
ATM	522110			0.0%	\$29,710	\$0
Advertising	541850			3.0%	\$1,041,493	\$31,245
Food Service	722511/722513			20.0%	\$3,022,545	\$604,509
Total:					\$4,849,384	\$786,881
Step 1 Base figure						16.23%

Sources:

1. Alabama Unified Certification Program, DBE Directory.
2. US Census Bureau, 2020 County Business Patterns.

The Step 1 base goal for “all other” (i.e. non-car rental) ACDBEs is **16.23%**.

D. Step 2: 23.51(d)

After calculating a base figure of the relative availability of ACDBEs, the Airport 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 the concessions program by measuring the volume of work ACDBEs have performed in the past.

The historical ACDBE accomplishments at the Airports 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: Mobile Airport Authority ACDBE Accomplishments for FY 2020 - FY 2022

Report Period	ACDBE % Achieved
FY 2020	18.7%
FY 2021	16.2%
FY 2022	19.9%
MEDIAN	18.72%

Source: Uniform Report of ACDBE Participation, Mobile Airport Authority.

The median ACDBE accomplishment for the reporting periods as shown above is **18.72%**, compared to the Step 1 DBE base figure for the airport of **16.23%**. This seems to indicate that the Step 1 base figure under-estimates ACDBE capacity at the Airport.

2. **Disparity Study**

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

E. Adjustment of the Step 1 Goal

In order to reflect as accurately as possible ACDBE capacity, the Airport Authority will adjust the Step 1 DBE base figure of **16.23%** by averaging it with the ACDBE participation noted in Table 4 above (**18.72%**), for a final adjusted overall goal of **17.47%**.

III. Consultation with Stakeholders (23.43)

Before establishing the ACDBE Non-Car Rental goal, the Authority 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 Authority’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 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, 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 Authority proposes a race-conscious goal of 0.00% and a race-neutral goal of 17.47%. The reason for this projected split is that the historical information on ACDBE participation showed that the median achievement was 18.72%. Without any goals to compare the median achievement the Authority will project its goal will be met with race-neutral 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.

Appendix A: Resource Listing

A. Resource Documents:

1. Alabama Unified Certification Program, DBE Directory.
2. US Census Bureau, 2020 County Business Patterns.
3. Uniform Report of ACDBE Participation.