



COLUMBUS
REGIONAL AIRPORT AUTHORITY

**AIRPORT CONCESSIONS
DISADVANTAGED BUSINESS
ENTERPRISE (ACDBE)
PROGRAM**

**Non-Car Rental
GOAL SETTING METHODOLOGY**

FFY 2018-2019-2020
49 CFR Part 23



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John Glenn Columbus International Airport

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FFY 2018-2019-2020 Airport Concessions Disadvantaged Business Enterprise (ACDBE)

Overall Three-Year Goals Report Non-Rental Car Concessions

In compliance with Subpart D of 49 CFR Part 23, The Authority shall establish separate overall three-year goals for the participation of ACDBEs in rental car and non-rental car concession related contracting opportunities. The Regulations require a two-step process for goal setting. This process intends to provide the maximum flexibility for grant recipients, while ensuring that goals are based on availability of ready, willing and able ACDBEs in each recipient's relevant market.

Section 23.45 Overall Goal Calculation for Non-Car Rental Concessions

The Authority has established an overall ACDBE goal for FFY 2018-2020 of 7.9%, which is applicable to non-car rental concessions contracting opportunities at John Glenn Columbus 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 Authority anticipates 4 new concession opportunities during this goal period:

- Donatos Pizza
- Starbucks Coffee
- PGA Restaurant
- The Local Restaurant

In addition to the new concession opportunities, the Authority is planning to implement a retail kiosk program that will entail one kiosk vendor per Concourse for a total of 3 kiosks. This program will be designed to help small businesses be successful within the larger framework of an airport environment.

If other new concession opportunities arise prior to the end of this goal period and the estimated average of annual gross revenues are anticipated to be \$200,000.00 or greater, the Authority will submit an appropriate adjustment to the overall goal. This will be submitted to the FAA for approval no later than 90 days before issuing the solicitation for the new concession opportunity. (23.45(i)).

The Authority has determined that the market area it draws from for concessions is the State of Ohio. This is 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 receive a substantial majority of concessions related revenues are located.

Methodology Used To Calculate Overall Goal

Goods and Services

The Authority may meet the percentage goal by including the purchase from ACDBEs of goods and services used in businesses conducted at the airport. We, and the businesses 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.

Management Contract or Subcontract

The Authority may meet the percentage goal by including any business operated through a management contract or subcontract with an ACDBE. We, and the businesses 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 subcontract or subcontract with a non-ACDBE and the gross revenues of business activities to which the management contract or subcontract pertains will not be added to this base in either the numerator or denominator. See table on pages 8 and 9 for the detail on how the base of the goal was calculated.

Base of goal = Avg. 3-yr Projected Concession Revenue (FFY 2018-2020) = **\$58,722,591**

Step One: Relative Availability Base Calculation 23.51 (c)

We determined the base figure for the relative availability of ACDBEs other than car rentals. The base figure was calculated as follows:

A. Base figure = Ready, willing, and able non-car rental ACDBEs in the market area
All ready, willing, and able non-car rental concession firms in the market area

Work Area	NAICS Code(s)	# of ACDBE Firms (OH)	# of Firms in Market Area (OH)	% of ACDBE Firms that may be available
Electronics Stores	443142	2	128	1.6%
Baked Goods Stores/All Other Specialty Food Stores	445291/445299	2	52	3.8%
Family Clothing/Jewelry Stores/Luggage & Leather Goods	448140/448310/448320	3	337	0.9%
News Dealers & Newsstands	451212	4	68	5.9%
All Other General Merchandise	452990	2	8	25.0%
Gifts, Novelty	453220	5	198	2.5%
Vending Machine Operators	454210	1	56	1.8%
Transit & Ground Passenger Transportation	485113/485999	3	9	33.3%

Other Airport Operations	488119	2	2	100.0%
Commodity Contracts Dealing (foreign exchange)	523130	1	6	16.7%
Advertising	541810/541850	3	18	16.7%
Hotel	721	0	854	0.0%
Food/Beverage	722	12	4,928	0.2%
Personal Care Services	812199/812990	2	4,927	0.0%
TOTAL		42	11,591	0.4%

Source: Ohio UCP Directory, U.S. Census Bureau, 2012 County Business Patterns

The data source or demonstrable evidence used to derive the numerator was the Ohio UCP Directory as of July 25, 2017. This represents the universe of minority and women-owned businesses that are certified ACDBEs in the State of Ohio and could potentially participate in our concession program. The website link to the Ohio UCP is <http://www.dot.state.oh.us/Divisions/ODI/SDBE/Pages/UCP.aspx>.

The data source or demonstrable evidence used to derive the denominator was Census Bureau data. NAICS codes identified for existing and potential concession opportunities are listed in the above table.

$$\text{Base figure} = \frac{42}{11,591} = 0.4\%$$

When we divided the numerator by the denominator we arrived at the base figure for our overall goal for non-car rental concessions of 0.4%.

Step 2: 23.51(d)

After calculating the base figure of the relative availability of ACDBEs, we examined evidence to determine what adjustment was needed to the base figure in order to arrive at the overall goal.

In order to reflect as accurately as possible the ACDBE participation we would expect in the absence of discrimination, we have adjusted our base figure by +7.5%. Our overall goal for non-car rental concessions is 7.9%. This number is based upon expected revenue from new concepts being added during the goal period and past ACDBE attainment(s).

The data used to determine the adjustment to the base figure was:

A. Outreach Efforts

In addition to the certified ACDBE firms identified from the Ohio UCP directory, we also looked at other minority owned firms within the market area that are not ACDBE certified. The Authority also engages in several outreach events and efforts to identify vendors that may offer goods and services that can be used in the Authority's concession program. We also seek firms who have expressed interest in participating in our concession program either through direct contact with concession program staff, purchasing staff and/or the ACDBELO and the Office of Business Diversity. Upon registration as a

potential supplier, the firms' information is stored in an accessible external database, which enables Authority staff to generate automatic e-mail notifications of business opportunities that match their company's capabilities. Upon receipt, the company will have the opportunity to review the opportunity and given instructions to download any solicitation documents. As a result of these efforts, we have adjusted our base figure accordingly.

B. Past Participation

To determine if our overall goal for non-car rental concessions should be adjusted, we looked at past participation in concessions at John Glenn Columbus International Airport (CMH) for the past 3 years.

Fiscal Year	Past Performance
2014	6.49%
2015	7.09%
2016	7.63%
Average	7.07%
Median	7.09%

The Authority also reviewed projected ACDBE participation based on estimated gross receipts for 2018-2020. See **Exhibit 1**.

Utilizing data based on past performance and anticipated ACDBE participation in Federal Fiscal Years 2018-2020, the projected ACDBE participation in fiscal year 2018-2020 in airport concessions at John Glenn Columbus International Airport estimates an average \$4,648,487 or 7.9% in total gross receipts.

FFY 2018-2020

$$\frac{\text{Average Projected ACDBE Concession Gross Receipts}}{\text{Average of All Projected Concession Gross Receipts}} = \frac{\$4,648,487}{\$58,722,591} = 7.9\%$$

C. Disparity Study

There were no disparity studies conducted within our jurisdiction that relate to concessions. We will continue to contact state and local agencies to determine when a disparity study becomes available.

D. Differences in Market Area and Concessions Program

The Authority did not rely on the goal setting procedures of another sponsor to derive our goal. Therefore, no adjustments for differences in market areas and concessions programs are needed.

E. Available Evidence from Related Fields that Affect Opportunities for ACDBEs to Form, Grow, and Compete

There is no statistical evidence available from concession – related fields that demonstrate, statistically, that ACDBEs face challenges in getting financing, bonding, and insurance or other opportunities that enable them to form, grow and compete. Therefore, no adjustments were made.

Consultation with Stakeholders (23.43)

To solicit consultation regarding our ACDBE Goal, the ACDBE plan and goal are posted on the Columbus Regional Airport Authority's website at www.columbusairports.com, under the "Doing Business/Business Diversity" link. The Authority also held an "Open House" on August 18, 2017 for interested parties to discuss and network about ACDBE availability, how to become a certified ACDBE, and current and future opportunities in the Authority's concession program. Approximately 24 vendors attended, in addition to, representatives from HMS Host, Paradise, and Ohio UCP. Additionally, the Authority will solicit comments on the proposed overall FFY 18-20 three year goal by consulting with additional organizations and agencies', including local minority, women, and community organizations.

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

Race-Neutral Methods

The Authority intends to use race-neutral methods to the maximum extent feasible to achieve its overall goal. ACDBE participation that is obtained on contracts that have no specific ACDBE goal or where ACDBEs status in awarding a contract is not considered shall be considered race-neutral ACDBE participation. In addition, the Authority will use the following measures as appropriate:

1. Locating and identifying ACDBEs and other small businesses who may be interested in participating as concessionaires at the Airport;
2. Notifying ACDBEs of concession opportunities and encouraging them to compete, when appropriate;
3. Structuring concession activities so as to encourage and facilitate the participation of ACDBEs when practical;
4. Ensuring that competitors for concession opportunities are informed during pre-solicitation meetings about how the Authority's ACDBE Program will affect the procurement process;
5. Providing technical assistance to ACDBEs in overcoming limitations, such as inability to obtain bonding or financing;
6. Providing technical assistance and outreach programs to provide information to ACDBEs regarding concession and management opportunities at the Airport through the internet and through various Minority and Small Business Conferences and Outreach Events; and
7. Providing information concerning the availability of ACDBE firms to competitors to assist them in obtaining ACDBE participation;

We estimate that, in meeting our overall goal of 7.9% we will obtain 1.0% from race-neutral participation and 6.9% through race-conscious measures.

The following is a summary of the basis of our estimated breakout of race-neutral and race-conscious ACDBE participation.

1. The extent that the Authority met or exceeded our ACDBE goals in the past;
2. ACDBE participation on leases that did not have ACDBE requirements;
3. Extent of the Authority's race-neutral business assistance efforts.

If we project that race-neutral measures, standing alone, are not sufficient to meet an overall goal, we will use the following race-conscious measures to meet the overall goal.

1. We will establish concession-specific goals for particular concession opportunities.
2. Negotiate with potential concessionaires to include ACDBE participation through direct ownership arrangements or measures, in operation of the concession.

3. With prior FAA approval, other methods that takes a competitor's ability to provide ACDBE participation into account in awarding a concession.

In order to ensure that our ACDBE program will be narrowly tailored to overcome the effects of discrimination, if we use concession-specific goals, we will adjust the estimated breakout of race-neutral and race-conscious participation as needed to reflect actual ACDBE participation (see 26.51(f) and we will track and report race-neutral and race conscious participation separately. For reporting purposes, race-neutral ADCBE participation includes, but is not necessarily limited to the following: ADCBE participation through a prime contract that an ADCBE obtains through customary competitive procurement procedures; ADCBE participation through a subcontract on a prime contract that does not carry an 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.

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

EXHIBIT 1 - ESTIMATED GROSS RECEIPTS FOR NON-CAR RENTAL CONCESSIONS AT JOHN GLENN COLUMBUS INTERNATIONAL AIRPORT

NON - CAR RENTAL CONCESSIONS

	<u>FFY 2015</u>	<u>FFY 2016</u>	<u>FFY 2017*</u>	<u>Average 2015-2017*</u>	
Advertising	\$977,009	\$1,015,939	\$1,258,565	\$1,083,838	
Baggage Carts	119,030	108,963	97,582	108,525	
TDM, Inc.	124,194	130,599	133,120	129,304	
Food & Beverage	20,256,471	21,822,108	23,881,608	21,986,729	
Charley's DBE food vendor	507,724	513,106	520,000	513,610	
Donato's **	1,288,742	1,580,122	1,625,633	1,498,166	**51% DBE
Lottery	383,747	393,282	434,313	403,781	
Hotel	10,814,371	11,761,533	11,836,258	11,470,721	
Check Point Mailers	17,912	19,315	20,322	19,183	
First Class Seats	49,505	10,314	-0-	19,940	
Massage Bar	253,681	286,944	290,981	277,202	
Retail ***	8,261,900	8,998,454	9,347,426	8,869,260	*** (2) vendors @ 7.5% DBE
Shoe Shine	7,798	23,839	-0-	-0-	
Zoom Shops	357,916	374,659	422,651	385,075	
ATM Machines	112,209	119,717	121,294	117,740	
Tim Horton's & Cold Stone Creamery	509,215	424,657	-0-	311,291	
Eddie George-Grille 27	438,545	270,981	281,213	330,246	
Parking Concessions	1,763,730	1,910,628	1,927,055	1,867,137	
Pay Phone	2,036	396	-0-	811	
FuelRod	21,173	36,052	36,654	31,293	
Vending	186,516	206,465	204,508	199,163	
TOTAL	\$46,453,423	\$50,008,070	\$52,439,183	\$49,638,832	
Actual/Projected ACDBE Participation	\$3,291,357	\$3,817,969	\$3,493,155	\$3,687,400	
ACDBE Participation %	7.09%	7.63%	6.66%	7.43%	

**Forecasted amounts*

	FFY 2018*	FFY 2019*	FFY 2020*	Average 2018-2020*	
Advertising	\$1,283,736	\$1,309,411	\$1,335,599	\$1,309,582	
Baggage Carts	99,534	101,524	103,555	101,538	
TDM, Inc.	135,782	138,498	141,268	138,516	
Food & Beverage	24,359,240	24,846,425	25,343,354	24,849,673	
Charley's DBE food vendor	530,400	541,008	551,828	541,079	
Donato's **	1,658,145	1,691,308	1,725,134	1,691,529	**51% DBE
Lottery	442,999	451,859	460,896	451,918	
Hotel	12,072,984	12,314,443	12,560,732	12,316,053	
Check Point Mailers	20,729	21,143	21,566	21,146	
First Class Seats	-0-	-0-	-0-	-0-	
Massage Bar	296,801	302,737	308,792	302,777	
Retail ***	9,534,374	9,725,061	9,919,563	9,726,333	*** (2) vendors @ 7.5% DBE
Shoe Shine	-0-	-0-	-0-	-0-	
Zoom Shops	431,104	439,727	448,521	439,784	
ATM Machines	123,720	126,194	128,718	126,210	
Tim Horton's & Cold Stone Creamery	-0-	-0-	-0-	-0-	
Eddie George-Grille 27	286,837	292,574	298,425	292,612	
Parking Concessions	1,965,596	2,004,908	2,045,006	2,005,170	
Pay Phone	-0-	-0-	-0-	-0-	
FuelRod	37,387	38,135	38,897	38,140	
Vending	208,598	212,770	217,025	212,798	
New Concepts	2,050,000	5,160,000	5,263,200	4,157,733	
TOTAL	\$55,537,966	\$59,717,726	\$60,912,080	\$58,722,591	
Actual/Projected ACDBE Participation	\$4,463,018	\$4,694,278	\$4,788,164	\$4,648,487	
ACDBE Participation %	8.04%	7.86%	7.86%	7.92%	
*Forecasted amounts					