

## DALLAS/FORT WORTH INTERNATIONAL AIRPORT

### Overall Goal Calculation for Concessions Other Than Car Rentals

#### Amount of Goal

The DFW Airport's overall goal for concessions other than car rental during the period beginning October 1, 2014 and ending September 30, 2017 is 35.4% of the total gross receipts for concessions. 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 opportunities anticipated during this goal period are projected as outlined below.

<b>Anticipated Date</b>	<b>Terminal(s)</b>	<b>Approximate # of Locations</b>	<b>Concession Type</b>	<b>Project Gross Receipt Revenues</b>
Fall 2014	D Part 2	26	3 Duty Free, 8 F&B, 14 Retail, 1 Service	\$51.8M
Spring 2015	B and E Part 3	14	6 F&B, 8 Retail	\$23.1M
Fall 2015	D	22	14 F&B, 1 Service, 7 Retail	\$43.7M

The estimated gross receipts revenue projected for concessions for the three-year period, assuming flat revenue growth for the goal period is approximately \$886 million. The annual gross receipts for the previous three years are outlined below.

<b>Fiscal Year</b>	<b>Annual Gross Receipts Revenue</b>
2013	\$317M
2012	\$293M
2011	\$276M

DFW Airport has determined that its market area is the State of Texas. 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

We can 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

We can 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 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.

### Step 1: 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:

#### *Methodology:*

Base figure = 
$$\frac{\text{Ready, willing, and able non-car rental ACDBEs in the market area}}{\text{All ready, willing and able non-car rental concession firms in the market area}}$$

Base figure = 
$$\frac{89}{261}$$

The data source or demonstrable evidence used to derive both the numerator and denominator was an active participant list as outlined in 23.51(c)(2). The active participants lists was developed from DFW Airport’s B2Gnow database and was based on existing ACDBE-certified firms (excluding car rental firms) and firms that expressed an interest in doing business at DFW Airport as concessionaires.

The numerator was based on certified ACDBE firms (excluding car rental firms) with a commodity code of 99 and the denominator was based on all firms in Texas with the commodity code of 99.

When we divided the numerator by the denominator we arrived at the base figure for our overall goal for non-car rental concessions of: 34.1%

**Step 2: 23.51(d)**

After calculating a 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.

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

a. **Past participation** – We evaluated the current capacity of ACDBEs to perform work in our concessions program by measuring the volume of work ACDBEs have performed over the previous three year period.

Past history of ACDBE participation for in non-car rental concessions is as follows:

Year	ACDBE Goal	Total \$	ACDBE \$	ACDBE %	RC %	RN %
2011	33.0%	\$291,428,768	\$117,561,490	40.34%	36.21%	4.13%
2012	31.9%	\$304,149,660	\$123,387,925	40.57%	36.65%	3.92%
2013	31.9%	\$327,118,931	\$130,938,809	40.03%	36.24%	3.79%
Total		\$922,697,359	\$371,888,224	40.30%	36.36%	3.94%

The total past participation was used to adjust the base goal as follows:

$$\text{Base Goal} - 34.1\% + \text{Five-Year Past Participation (median)} 36.65\% = \underline{70.75\%}$$

$$70.75\% \div 2 = \underline{35.4\%}$$

**We, therefore, propose 35.4% as our overall goal for the 2015-2017 goal period.**

**Consultation with Stakeholders (23.43)**

Stakeholders were consulted for comment during the month of August 2014. Consultations included the dissemination of a written notice to area minority chambers and advocacy organizations as well as a formal briefing held on August ##, 2014. A public notice was advertised on August 3 and 10, 2014 in the local newspaper to ensure any individual or organization, potentially having information concerning the availability of disadvantaged businesses, the effects of discrimination on opportunities for ACDBEs, and DFW Airport's efforts to increase participation of ACDBEs, received the opportunity to provide comments.

## **Breakout of Estimated Race-Neutral & Race Conscious Participation**

### **Section 23.51**

DFW Airport will meet the maximum feasible portion of its overall goal by using race-neutral means of facilitating ACDBE participation. DFW Airport uses the following race-neutral measures to increase ACDBE participation. We understand that we 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 presolicitation meetings about how DFW Airport'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; and*
- 7. Establishing a business development program (see 49 CFR Part 26.35); technical assistance program or taking other steps to foster ACDBE participation in concessions.*

The history of the race-neutral/race-conscious split for the most recent three years is as follows:

Year	ACDBE %	RC %	RN %	RC % to Total (RC/Total)	RN % to Total (RN/Total)
2011	40.3%	36.2%	4.1%	89.8%	10.2%
2012	40.6%	36.7%	3.9%	90.3%	9.6%
2013	40.0%	36.2%	3.8%	90.5%	9.5%

Given the above, it appears that race-neutral participation has decreased slightly over the past three years. We propose that we will be able to meet the same portion of the goal using race-neutral means for the upcoming three years as we have been able to meet in 2013, the most recent fiscal year. Therefore, we estimate that, in meeting our overall goal of **35.4%**, we will obtain 3.8% of the participation through race-neutral means.

**Therefore, we estimate that 3.8% ACDBE participation for the goal period will be met through race-neutral means. The balance of the overall goal of 35.4% is 31.6% and will be met using race-conscious means.**

If we project that the race-neutral portion of our overall goal will not be met, we may use the following race-conscious measures to meet the overall goal:

1. *Concession-specific goals for particular concession opportunities.*
2. *Negotiation with potential concessionaires to include ACDBE participation through direct ownership arrangements or measures, in the operation of the concession.*
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 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 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. We will maintain data separately on ACDBE achievements in those contracts with and without concession specific goals, respectively.