

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, 2018 and ending September 30, 2020 is 33% 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.

Anticipated Release Date	Terminal(s)	Approximate # of Locations	Concession Type	Projected Annual Gross Receipts
Fall 2017	C & D	19	F&B and Retail	\$25 M
Spring 2018	All	N/A	Wi-Fi	\$40 K
Spring 2018	A&D	4	F&B and Retail	\$6 M
Summer 2018	D	1	Lounge	N/A
Spring 2019	A	17	F&B, Retail & Service	\$21 M

The estimated gross receipts revenue projected for new concessions for the three-year period is approximately \$1.2 Billion. The \$1.2 Billion is an aggregate estimate of anticipated concession opportunities over the next three years and not the overall for all airport concessions.

The annual gross receipts for the previous three years are outlined below.

Fiscal Year	Annual Gross Receipts Revenue
2016	\$378.5M
2015	\$354.9M
2014	\$341.5M

Methodology used to Calculate Overall Goal

Goods and Services

DFW Airport can meet the percentage goal by including the purchase from ACDBEs of goods and services used in businesses conducted at the airport. DFW 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

DFW Airport can meet the percentage goal by including any business operated through a management contract or subcontract with an ACDBE. DFW 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)

DFW Airport 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

$$\text{Base figure} = \frac{111}{430} = 25.81\%$$

The data source or demonstrable evidence used to derive both the numerator and denominator was DFW's Diversity Management Software (B2GNOW) as outlined in 23.51(c)(1). DFW used its own database as opposed to the TUCP database or North Central Texas Regional Certification Agency (NCTRCA) database since DFW's database captures certified ACDBEs and non-certified concessionaires and includes firms interested in doing business with the airport and proposers. DFW's B2GNOW interfaces with both TXDOT DBE/ACDBE and NCTRCA and also captures vendors that are not certified but provide goods and/or services under the 990000 commodity code.

The numerator was based on firms (excluding car rental firms) certified by the North Central Texas Regional Certification Agency (NCTRCA) in DFW's B2GNOW for the most commonly used concession-related commodity codes. NCTRCA provides ACDBE certification for the North Texas Region which covers the Airport's market area. The airport has defined their market area as North Texas and not the State of Texas since 52% of concessions are in North Texas vs 5% outside of North Texas.

The denominator was based on all available firms certified and non-certified in DFW's B2GNOW for the most commonly used concession-related commodity codes. (See attached for the commodity codes.) Noteworthy, the attached NAICS code spreadsheet still reflects 99 NAICS code in the system transferred from NCTRCA. DFW does not have the ability to change the codes. NCTRCA needs to make the adjustment in their B2GNOW system which they have acknowledged.

When we divided the numerator by the denominator we arrived at the base figure for our overall goal for non-car rental concessions of: 25.81%.

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** – DFW Airport 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 years.

Past history of ACDBE participation for non-car rental concessions is noted below and ranked in order of ACDBE percentage participation from low to high with 40.67% being the median.

Year	ACDBE Goal	Total \$	ACDBE \$	ACDBE %	RC %	RN %
2016	35.40%	\$378,549,143	\$149,085,962	39.38%	37.25%	2.13%
2014	31.90%	\$341,590,742	\$138,934,995	40.67%	39.96%	0.72%
2015	35.40%	\$354,926,392	\$170,451,801	48.02%	40.50%	7.52%

*Source – DFW International Airport Uniform Report of ACDBE Participation, Fiscal Years 2014, 2015, 2016

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

Base Goal – 25.81% + Three-Year Past Participation (median) 40.67% = 66.48%

$66.48\% \div 2 = 33.24\%$ (rounded to 33%)

DFW Airport, therefore, propose 33% as our overall goal for the 2018-2020 goal period.

Consultation with Stakeholders (23.43)

Stakeholders were consulted for comment during the months of August and September 2014. Consultations included the dissemination of a written notice to all vendors registered with the Concessions Department eNewsletter, area minority chambers and advocacy organizations as well as a formal briefing held on August 15, 2017. A public notice was advertised on July 28, 2017 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. No comments were received.

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. DFW Airport understands that we will be expected to actually take these steps.

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)
2014	40.7%	39.9%	0.7%	98.0%	2%
2016	39.4%	37.2%	2.1%	94.4%	5.6%
2015	48.0%	40.5%	7.5%	84.4%	15.6%

*Source – DFW International Airport Uniform Report of ACDBE Participation and ACDBE/Part 23 Achievement Report, Fiscal Years 2014 - 2016

Given the race-neutral percentages each year for the past three years, DFW Airport proposes meeting the median percentage for the upcoming three years which is 2.1%. Therefore, we estimated that, in meeting our overall goal of 33%, we will obtain 2.1% of the participation through race-neutral means.

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 prime contract that does not carry an ACDBE goal
- ACDBE 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
- 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.

Therefore, on an ACDBE goal of 33%, DFW estimates that 2% ACDBE participation for the goal period will be met through race-neutral means and the balance of the overall goal 31% will be met using race-conscious means.

If we project that the race-conscious portion of our overall goal will not be met, we may use the following race-neutral 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 prime contract that does not carry an ACDBE goal
- ACDBE 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
- 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.