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**WAYNE COUNTY AIRPORT AUTHORITY  
FISCAL YEARS 2012 – 2014  
NON-CAR RENTAL AND CAR RENTAL CONCESSIONS  
OVERALL ACDBE GOALS REPORT**

## **I. OVERVIEW**

The Wayne County Airport Authority (Airport Authority) has completed its review process for setting Airport Concession Disadvantaged Business Enterprise (ACDBE) goals for non-car rental and car rental concessions for Fiscal Years 2012-2014. In accordance with 49 CFR Part 23, the Airport Authority's objective for setting non-car rental and car rental ACDBE goals is to estimate the percentage of the total gross receipts of the respective concessions that will be earned by ACDBEs absent discrimination and its effects.

Generally, goals are based on the availability of ready, willing, and able ACDBEs in the relevant market area relative to all Michigan based businesses (ACDBEs and Non-ACDBEs) that could participate in the Airport Authority's concessions program.

Using the methodology specified in 49 CFR Part 23, the Airport Authority's FY 2012 – FY 2014 ACDBE goal for non-car rental concessions is 26%. The FY 2012 – FY 2014 ACDBE goal for car rental concessions is 5%. Details about the processes followed for setting both goals are explained below.

## **II. NON-CAR RENTAL OVERALL ACDBE GOAL FOR FY 2012 – FY 2014**

### **A. Projected Three-Year Non-Car Rental Concession Opportunities**

Pursuant to 49 CFR Part 23, the base dollar amount for the Airport Authority's goal for non-car rental concessions is \$486,805,660, which represents the estimated total gross receipts non-car rental concessions will generate during the three-year goal period. Table 1 shows the respective concession opportunities and estimated gross receipts for each fiscal year. The total estimated gross receipts does not include the dollar amount of management contracts or subcontracts with a Non-ACDBE (§ 23.47(c)).

**TABLE 1**  
**Total Estimated Gross Receipts**  
**Non-Car Rental Concessions**

<i>CONCESSION<sup>1</sup></i>	Fiscal Year Average Gross Receipts for FY09-11 <sup>2</sup>	<i>TOTAL ESTIMATED GROSS RECEIPTS</i>		
		FY12 <sup>3</sup>	FY13 <sup>3</sup>	FY14 <sup>3</sup>
Food & Beverage	\$79,766,647.81	\$84,239,748.41	\$85,503,344.64	\$86,785,894.80
Retail/Specialty Retail	\$41,902,543.53	\$43,452,778.78	\$44,104,570.46	\$44,766,139.01
Airport Advertising	\$1,924,406.84	\$2,259,965.05	\$2,293,864.52	\$2,328,272.48
Automated Teller Machines <sup>4</sup>	\$224,906.94	\$0.00	\$0.00	\$0.00
Baggage Carts	\$334,428.77	\$325,523.43	\$330,406.28	\$335,362.37
Duty Free	\$5,992,904.85	\$6,994,495.08	\$7,099,412.50	\$7,205,903.68
Foreign Currency Exchange	\$12,140,284.99	\$13,287,730.18	\$13,487,046.13	\$13,689,351.82
Luxury Sedans	\$6,613,187.13	\$7,334,027.51	\$7,444,037.92	\$7,555,698.48
Pay Phones	\$471,868.04	\$406,065.09	\$412,156.06	\$418,338.40
Vending Machines	\$377,156.82	\$383,895.48	\$389,653.91	\$395,498.71
Wireless Communications	\$963,063.19	\$1,174,454.72	\$1,192,071.54	\$1,209,952.61
<b>GRAND TOTAL</b>	<b>\$150,711,398.91</b>	<b>\$159,858,683.73</b>	<b>\$162,256,563.96</b>	<b>\$164,690,412.36</b>
<i>Total 3 Year Gross Receipts</i>				<b>\$486,805,660.05</b>
<p><sup>1</sup> Concessions &amp; Quality Assurance Division anticipates that a Gas Station opportunity will be solicited during the upcoming ACDBE goal period. However, data does not yet exist to forecast estimated gross receipts for the FY12-FY14 goal period. If this concession opportunity is realized during the goal period, then the Airport Authority will make any necessary adjustments to its non-car rental ACDBE goal at that time.</p> <p><sup>2</sup> Amounts for FY11 reflect forecasts for August and September 2011.</p> <p><sup>3</sup> Amounts represent a growth assumption of: 2.6% increase for FY12; 1.5% increase for FY13; and 1.5% increase for FY14.</p> <p><sup>4</sup> Automated Teller Machines are now operated under a Sponsorship Program.</p>				

## **B. Determination of “Baseline” Non-Car Rental ACDBE Overall Goal**

### *Relevant Market Area*

The Airport Authority determined that the majority of firms currently operating concessions, and those seeking concession contracts, are located in the Detroit Metropolitan Statistical Area, the Airport Authority’s relevant “Market Area”. The Market Area includes the counties of Lapeer, Macomb, Monroe, Oakland, St. Clair, Washtenaw, and Wayne. The City of Detroit and its surrounding suburbs are included in this local market area.

### *Availability of ACDBEs*

To determine the relative availability of ACDBEs to participate on Airport Authority concession contracts, the Michigan Unified Certification Program (MUCP) database was searched. The MUCP uses National Institute of Government Purchasing (NIGP) codes to reference the types of work the certified ACDBEs can perform. The MUCP Directory includes information from the following Certifying Agencies:

- Detroit Department of Transportation (DDOT)
- Michigan Department of Transportation (MDOT)
- Wayne County Human Relations Division

Research of the MUCP database found that 81 ACDBEs could operate concessions or otherwise provide goods or services relevant to the Airport Authority’s FY 2012 – FY 2014 concessions program. Thus, the Airport Authority consider ACDBEs “ready, willing and able” to participate in the Airport Authority’s concessions program.

### *Availability of All Firms (ACDBEs and Non-ACDBEs)*

The Airport Authority determined that the Michigan Inter-governmental Trade Network (MITN) database is a reliable source from which to identify “all” available businesses to participate in the concessions program. MITN includes businesses that have expressed interest in doing business with certain participating Michigan municipalities and other agencies that use public procurement processes. Firms and individuals that participate in MITN categorize the nature of their respective business using the North American Industry Classification System (NAICS) codes. A search of the MITN database revealed 551 Michigan based businesses that perform the types of work relevant to the Airport Authority’s concession program.

The number of ACDBEs and total firms ready, willing, and able to participate in the Airport Authority’s anticipated non-car rental concession opportunities in FY 2012 - FY 2014, including the related NAICS codes, are provided in Table 2.

**TABLE 2**  
**FY 2012 – FY 2014 Concession Opportunities**

<i>CURRENT/NEW CONCESSION OPPORTUNITIES</i>	<i>NAICS CODES</i>	<i>DEFINITIONS</i>	<i>ACDBE Firms</i>	<i>MITN (APL)</i>
Food and Beverage	722110	Full-service restaurants	3	21
	722211	Limited service restaurant	6	2
	722213	Snack, non-alcoholic beverage bar	3	19
	722310	Food service contractors	8	14
	722- - -	Food service and drinking establishment	2	5
Retail / Specialty Retail	423710	Hardware merchant wholesalers	4	23
	424920	Book, periodical, newspaper merchant wholesalers	0	21
	445120	Convenience stores	9	31
	446199	All other health, personal care stores	0	6
	448110	Men's clothing stores	0	5
	448120	Women's clothing stores	0	5
	448130	Children's, infants clothing stores	0	65
	448150	Clothing accessories stores	1	23
	448140	Family clothing store	2	2
	448320	Luggage, leather goods stores	0	0
	451211	Book stores	0	13
	451212	News dealers, newsstands	1	7
	451220	Prerecorded tape, compact disc, record stores	0	9
	453220	Gift, novelty, souvenir stores	9	8
	Airport Advertising	541810	Advertising agencies	10
Automated Teller Machines	522110	Commercial banking	0	19
Baggage Carts	488119	Airport baggage handling services	3	11
Duty Free	446120	Cosmetics, beauty supplies, perfume stores	0	6
Foreign Currency Exchange	561439	Other business service centers	3	2
Gas Station	447110	Gasoline stations with convenience stores	0	28
Luxury Sedans	485999	All other transit and ground passenger transportation	8	17
Pay Phones	517910	Other telecommunications	4	5
Vending Machines	454210	Vending machine operators	2	76
Wireless Communications	541519	Other computer related services	2	32
Shoe Shine Services	812199	Other personal care services	1	2
		<b>Totals</b>	<b>81</b>	<b>551</b>
		<b>81/551 = 15% (Baseline Goal)</b>		

*Baseline Non-Car Rental ACDBE Overall Goal*

The Airport Authority’s baseline non-car rental ACDBE goal was calculated by dividing the total number of “ready, willing, and able” ACDBE firms (81) into the total number of all “ready, willing, and able” Michigan based firms (551) (See Table 2 above). This calculation results in a 15% baseline ACDBE goal for the Airport Authority’s FY 2012 – FY 2014 non-car rental concession opportunities.

**C. Adjustment to the “Baseline” Non-Car Rental ACDBE Overall Goal**

*General Overall Goal Adjustment Parameters*

49 CFR Part 23 §23.51(d) (1) provides the following:

Once you have calculated a base figure, you must examine all relevant evidence reasonably available in your jurisdiction to determine what adjustment, if any, is needed to the base figure in order to arrive at your overall goal.

From the list of acceptable factors, the only evidence available to the Airport Authority to consider making a goal adjustment pertains to the current capacity of ACDBEs to perform in the Airport Authority’s concessions program.

*Basis for Airport Authority’s Overall Goal Adjustment*

In determining whether an adjustment to the Airport Authority’s baseline goal is needed, the Airport Authority evaluated the current capacity of ACDBEs to perform the required work in relation to the volume of work ACDBEs performed in recent years. In doing so, the Airport Authority’s historical overall ACDBE goals and accomplishments for the past four fiscal years were examined (specifically, the *FY 2007– FY 2010 ACDBE Concession Goal Accomplishment Reports* were evaluated). The figures shown in Table 3 are previously reported non-car rental concession total gross receipts and ACDBE gross receipts.

**TABLE 3  
ACDBE Accomplishments  
for FY 2007 – FY 2010**

<i>Report Period</i>	<i>Total Gross Receipts</i>	<i>ACDBE Gross Receipts</i>	<i>ACDBE Goal</i>	<i>ACDBE Participation</i>
1. FY 2007	\$ 236,014,300	\$ 75,497,976	26%	32.0%
2. FY 2008	\$ 225,341,733	\$ 73,094,260	26%	32.4%
3. FY 2009	\$ 151,847,331	\$ 69,621,908	27%	45.8%
4. FY 2010	\$ 154,317,894	\$ 63,543,917	27%	41.2%
<b>Report Period Averages:</b>	n/a	n/a	<b>26.5%</b>	<b>37.9%</b>

As shown in Table 3, the average actual ACDBE participation for the previous four-year reporting period is 37.9%.

To calculate an adjustment of the baseline overall goal, the average percentage of past ACDBE participation (37.9%) was compared to the 15% baseline goal. Using the following formula, as allowed in 49 CFR §26.45 (d) (3), the three-year ACDBE non-car rental goal can be adjusted to 26%:

$$(37.9 + 15) / 2 = 26\%$$

The Airport Authority thinks this adjustment is warranted since past accomplishments show that sufficient capacity of ready, willing, and able ACDBEs exists in the Market Area to meet the adjusted goal. In addition, the current depressed national and local economic conditions, including the inability of many ACDBEs to obtain financing, further support the adjusted goal. Therefore, the adjustment will be used to ensure that a continued “level playing field” exists for ACDBE concessionaires throughout the upcoming three-year goal period.

**D. Race/Gender Neutral and Race/Gender Conscious Split Analysis**

*Calculation of Race/Gender Neutral Portion of Overall ACDBE Goal*

The race/gender neutral part of the Airport Authority’s non-car rental overall goal is also derived by considering the average of the Airport Authority’s past four years of actual ACDBE participation (as outlined below in Table 4).

**Table 4  
ACDBE Goal -vs- ACDBE Participation Comparison  
for FY 2007 – FY 2010**

<i>Report Period</i>	<i>ACDBE GOAL</i>	<i>Actual ACDBE Participation</i>	<i>Difference Between ACDBE Goal and Participation</i>
1. FY 2007	26%	32.0%	+ 6.0%
2. FY 2008	26%	32.4%	+ 6.4%
3. FY 2009	27%	45.8%	+18.8%
4. FY 2010	27%	41.2%	+14.2%
<b>Report Period Averages:</b>	<b>26.5%</b>	<b>37.9%</b>	<b>+11.4%</b>

This chart shows that over the four-year period the difference between the ACDBE goal and actual ACDBE participation averages is 11.4%. This percentage represents the average amount that actual ACDBE participation exceeded each ACDBE goal.

Table 4 also appears to show that 11.4% of the Airport Authority's ACDBE non-car rental concession goal can be achieved through race/gender neutral means. However, because a significant number of retail concession contracts currently held by Prime ACDBEs will be expiring within the goal period, an adjustment is justified. This conclusion is drawn when subtracting out gross receipts achieved by ACDBE Primes during the past four fiscal years (See Table 5).

**TABLE 5**  
**ACDBE Accomplishments**  
**(Excluding ACDBE Primes)**  
**for FY 2007 – FY 2010**

<i>Report Period</i>	<i>Total Gross Receipts</i>	<i>ACDBE Gross Receipts (Excluding ACDBE Primes)</i>	<i>ACDBE GOAL</i>	<i>ACDBE Participation (Excluding ACDBE Primes)</i>
1. FY 2007	\$ 236,014,300	\$ 70,249,701	26%	29.8%
2. FY 2008	\$ 225,341,733	\$ 66,929,356	26%	29.7%
3. FY 2009	\$ 151,847,331	\$ 52,027,746	27%	34.3%
4. FY 2010	\$ 154,317,894	\$ 40,340,873	27%	26.1%
<b>Report Period Averages:</b>	n/a	n/a	<b>26.5%</b>	<b>30.0%</b>

Excluding ACDBE Primes would have resulted in an average of 30% (rather than 37.9%) actual ACDBE participation for the noted reporting periods. Table 6 shows there would have been a 3.5% difference (rather than 11.4%, as shown in Table 4) -- specifically, the difference between the average ACDBE goal (26.5%) and average actual ACDBE participation (30%).

**Table 6**  
**ACDBE Goal -vs- ACDBE Participation Comparison**  
**(Excluding ACDBE Primes)**  
**for FY 2007 – FY 2010**

<i>Report Period</i>	<i>ACDBE GOAL</i>	<i>ACDBE Participation (Including ACDBE Primes)</i>	<i>ACDBE Participation (Excluding ACDBE Primes)</i>	<i>Difference Between ACDBE Goal and Participation (Excluding ACDBE Primes)</i>
1. FY 2007	26%	32.0%	29.8%	+3.8%
2. FY 2008	26%	32.4%	29.7%	+3.7%
3. FY 2009	27%	45.8%	34.3%	+7.3%
4. FY 2010	27%	41.2%	26.1%	-0.9%
<b>Report Period Averages:</b>	<b>26.5%</b>	<b>37.9%</b>	<b>30.0%</b>	<b>+3.5%</b>



Therefore, the Airport Authority has elected to set the race/gender neutral goal at 4%. The balance of 22% will be achieved through race/gender conscious efforts.

#### *Race/Gender Neutral Efforts*

The Airport Authority exclusively hosts a number of its own outreach/networking meetings and forums. In addition, the Airport Authority co-sponsors, with several trade and other professional organizations within the Market Area, outreach events to promote achievement of the race/gender neutral portion of its ACDBE goal.

The content of the forums include:

- Information (written and oral) describing the Airport Authority's ACDBE Program
- Information about upcoming Airport Authority concession contracting opportunities
- Airport Authority purchasing policies and procedures
- Vendor registration in MITN (including direct notification of Airport Authority competitive solicitations)
- Information about the functions and needs of the Airport Authority's Concessions and Quality Assurance Division

#### **E. Consultation**

The Airport Authority has consulted with a variety of resource agencies and persons in developing the FY 2012 – FY 2014 ACDBE goal. These resources included:

- Existing Airport Authority concessionaires, as well as representatives of the National Association of Concessionaires and the International Association of Airport Duty Free Stores
- Attendees of the DTW Concessions Meet and Greet Reception, whereby ACDBE and non-ACDBE firms were provided a forum to network and forge potential business relationships for, as well as discuss directly with Airport Authority staff, upcoming Airport Authority concession opportunities
- Michigan Unified Certified Program (MUCP) partners
- Previous reports of ACDBE concession goal accomplishments
- Michigan Intergovernmental Trade Network (MITN) database

#### **F. Interim Reporting**

Pursuant to 49 CFR Part 23, § 23.45 (i), in the event that a new concession opportunity with estimated annual gross receipts of \$200,000 or greater arises between normal submission dates for overall goals, the Airport Authority will submit an appropriate adjustment to the overall goal at least six months prior to executing the concession agreement for the new concession opportunity.

### III. CAR RENTAL OVERALL ACDBE GOAL FOR FY 2012 – FY 2014

#### A. Determination of “Baseline” Car Rental ACDBE Overall Goal

The Airport Authority will structure the ACDBE car rental goal entirely in terms of purchases of goods and services, which is a permissible alternative in accordance with 49 CFR Part 23, §23.51(c)(5)(ii).

#### *Purchases of Goods and Services*

To determine the baseline car rental ACDBE overall goal, the Airport Authority deems it prudent to use the actual ACDBE participation percentage for FY 2011. Rental car companies collectively reported spending a total of 1.8% of gross receipts with ACDBEs in FY 2011. Table 7 shows total gross receipts rental car companies are projected to collectively generate in FY 2012 – FY 2014. Table 8 shows estimated ACDBE annual purchases for the same time period

**TABLE 7**  
**Total Estimated Car Rental Gross Receipts**  
**for FY 2012 – FY 2014**

	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>TOTAL</b>
Estimated Total Car Rental Purchases	\$192,582,907	\$195,471,651	\$198,403,725	\$586,458,283

**TABLE 8**  
**Estimated Car Rental ACDBE Annual Purchases**  
**for FY 2012 – FY 2014**

	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>TOTAL</b>
Estimated ACDBE Car Rental Purchases	\$ 3,466,492	\$ 3,518,489	\$ 3,571,267	\$10,556,248

Therefore, the baseline ACDBE car rental goal is 1.8%.

**B. Adjustment of “Baseline” ACDBE Car Rental Goal**

*Basis for Airport Authority’s Overall Goal Adjustment*

In determining whether an adjustment to the Airport Authority’s baseline goal is needed, the Airport Authority evaluated the current capacity of ACDBEs to perform the required work in relation to the volume of work ACDBEs performed in recent years. In doing so, the Airport Authority’s historical overall ACDBE goals and accomplishments for the past four fiscal years were examined (specifically, the *FY 2007– FY 2010 ACDBE Concession Goal Accomplishment Reports* were evaluated). As allowed by 49 CFR Part 23, the Airport Authority has utilized the expenditures on goods and services to count ACDBE participation for the car rental agencies, as reflected in Table 9.

**TABLE 9  
ACDBE Accomplishments for FY 2007 – FY 2010**

<i>Report Period</i>	<i>Total Expenditures</i>	<i>ACDBE Expenditures</i>	<i>ACDBE Goal</i>	<i>ACDBE Participation</i>
1. FY 2007	\$ 704,785,991	\$ 126,697	9%	0.018%
2. FY 2008	\$ 379,760,881	\$ 495,606	9%	0.13%
3. FY 2009	\$ 427,113,097	\$ 6,741,991	5%	1.60%
4. FY 2010	\$ 475,568,660	\$ 8,549,088	5%	1.80%
<b>Report Period Averages:</b>	n/a	n/a	<b>7%</b>	<b>0.9%</b>

As shown in Table 9, the average ACDBE participation accomplishment for the previous four-year reporting period is 0.9%.

A review of the previous four-year period shows that the Airport Authority’s ACDBE car rental goals were not met primarily due to: 1) the change in federal regulations pertaining to ACDBE participation requirements for rental car concession contracts; 2) car rental companies misunderstanding that other business diversity program designations (e.g., minority- women- owned business programs) do not count toward meeting goals for ACDBE participation in accordance 49 CFR Part 23; and 3) the current depressed national and local economic conditions.

After considering all relevant factors, the Airport Authority has determined it is within the spirit and best interest of its ACDBE program to retain the current ACDBE car rental goal of 5% for FY 2012 – FY 2014. This goal acknowledges that some car rental companies are achieving this level of ACDBE participation, while still taking into account the economic downturn that started in 2008. In addition, car rental companies are making significant good faith efforts to locate and contract with MUCP-certified ACDBEs to increase overall participation. The car rental companies have also committed to encouraging their existing business partners, that may be eligible for ACDBE certification, to apply with the MUCP for certification.

### **C. Race/Gender Neutral and Race/Gender Conscious Split Analysis**

As described in Table 9, the Airport Authority's ACDBE car rental goal was not met during the prior four-year period. Consequently, the Airport Authority does not anticipate meeting any of its ACDBE car rental goals through race/gender neutral means. Therefore, the entire 5% ACDBE car rental goal for the Airport Authority will be met through race/gender conscious efforts.

To increase ACDBE participation within the car rental concession area, the Airport Authority will initiate various efforts to provide additional support to the vendors. The following is a list of representative efforts:

- Provide direct support to ACDBEs and potential ACDBEs by facilitating large scale outreach seminars as well as one-on-one meetings
- Assist and guide potential ACDBE firms to become ACDBE certified
- Continue discussions with car rental companies regarding areas of potential ACDBE participation within their business operation
- Conduct networking and informational forums to bring vendors and potential ACDBEs together
- Review car rental solicitation documents to ensure that the ACDBE program is clearly articulated to potential concessionaires

### **D. Consultation**

The Airport Authority has consulted with a variety of resource agencies and persons in developing the FY 2012 – FY 2014 ACDBE goal. These resources included:

- Discussions with some of the Airport Authority's existing car rental concessionaires
- Michigan Unified Certified Program (MUCP) partners
- Previous reports of ACDBE car rental concession goal accomplishments
- Michigan Intergovernmental Trade Network (MITN) database

### **E. Interim Reporting**

Pursuant to 49 CFR Part 23, § 23.45 (i), in the event that a new concession opportunity with estimated annual gross receipts of \$200,000 or greater arises between normal submission dates for overall goals, the Airport Authority will submit an appropriate adjustment to the overall goal at least six months prior to executing the concession agreement for the new concession opportunity.

#### **IV. APPENDIX**

Resources used for this Report include the following:

1. Michigan Unified Certification Program DBE Directory
2. Michigan Intergovernmental Trade Network (MITN) Database
3. Airport Authority ACDBE Car Rental and Non-Car Rental Goal Reports for FY 2009 – FY 2011
4. Airport Authority ACDBE Car Rental and Non-Car Rental Concession Accomplishments Reports for FY 2007 – FY 2010