

LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT



AIRPORT CONCESSIONS DISADVANTAGED BUSINESS ENTERPRISES GOAL SETTING METHODOLOGY

FEDERAL FISCAL YEARS 2015 – 2017



**NEW ORLEANS AVIATION BOARD (NOAB)
AIRPORT CONCESSIONS
DISADVANTAGED BUSINESS ENTERPRISE (ACDBE) PROGRAM
Goal Setting Methodology and Calculations**

**Federal Fiscal Years 2015, 2016 and 2017
(October 1, 2014 to September 30, 2017)**

Goal Overview

The New Orleans Aviation Board (NOAB) proposes an overall Airport Concessions Disadvantaged Business Enterprise (ACDBE) Goal applicable to non-rental car concession opportunities anticipated for federal fiscal years Beginning October 1, 2014, 2015, 2016 and ending on September 30, 2015, 2016 and 2017 respectively. The goal was developed in compliance with Federal Regulations set forth by 49 CFR Part 23, Subpart D. **The proposed overall ACDBE goal for FYs 2015, 2016 and 2017 is 32.54%**

Concession Opportunities

The airport’s non-rental car concession opportunities are detailed below.

Retail Category	Master Tenant	Estimated Annual Value	Existing ACDBE Goal (%)
Food/Beverage	Armstrong Airport Concessions JV FY 2013	\$ 17,193,323	10% race-neutral JV 23.35% procurement 35% revenue
Gift/Novelty/Souvenirs	New Orleans Air Ventures (NOAV)	10,295,149	Was 35% race-neutral JV DBE 15% Starting FY 2013

Retail Category	Master Tenant	Estimated Annual Value	Existing ACDBE Goal (%)
Parking	New South Parking	14,018,816	40% race-neutral JV DBE
Advertising	In-Ter-Space Advertising	803,497	35%
Luggage Carts	Smarte Carte	128,457	Was 25% JV DBE 10% procurement starting 2013
Ground Transportation	A Airport Limousine Airport Shuttle	312,849	100% Waived
Vending Machine Operators	Refreshment Solutions/ACE Vending Solutions JV	281,570	6% Revenue
Goods/Services		2,710,616	23.35%

Local Market Area

Upon becoming a Certifying Agency in Louisiana’s Unified Certification Program, all federal ACDBE goals are set based on the state’s UCP registry as the overall source of ACDBE participation for airport concessions opportunities. While the airport may from time-to-time contract with concessionaires headquartered outside of the primary target market of metropolitan New Orleans, most of the participating ACDBEs are in fact headquartered in the local area, including the parishes of Orleans, Jefferson, St. Tammany, Plaquemines, St. John, Tangipahoa and St. Bernard. Of the master tenants listed above CA1, New Orleans Air Ventures (Hudson) and Central Parking are headquartered outside of the New Orleans area. Over 80% of all ACDBE joint venture partners and sub-tenant vendors operating at the airport are based in the local area of metropolitan New Orleans. It is noted that 54% of all ACDBEs listed on the airport’s registry are headquartered outside of the metropolitan New Orleans area. Further, it is noted that federal and state regulations prohibit the use of local preferences in contracting opportunities.

Contracting Opportunities

In 2011, the NOAB issued RFPs for Food and Beverage Concessionaires which resulted in of the extension of the CA1 Master Concessions Contract with a new joint venture partner. As well, vending machines was added as a part of the concessions program. Given current plans for development of a new terminal there are no anticipated contracting opportunities prior to completion of the project.

North American Industry Classification System (NAICS) Code

In order to obtain an accurate count of ready, willing and able DBEs, each project was examined and its “scope of services” was detailed for the purpose of defining the products and services

required for the ACDBE program. Each product/services was assigned a six digit North American Industry Classification System (NAICS) Code.

NAICS was developed jointly by the U.S., Canada, and Mexico to provide new comparability in statistics about business activity across North America. After identifying the NAICS codes, contracting dollars were estimated for each product or services based on the three-year average of reported concessions revenue.

NAICS	Retail Category	Estimated Annual Value	Percentage
722310	Food/Beverage	\$ 17,193,323	37.59%
453220	Gift/Novelty/Souvenirs	10,295,149	22.51%
812930	Parking	14,018,816	30.65%
541850	Advertising	803,497	1.76%
333924	Luggage Carts	128,457	0.28%
485310	Ground Transportation	312,849	0.68%
454210	Vending Machine Operators	281,570	0.62%
	Goods/Services	2,710,616	5.93%
		\$ 45,744,277	100%

Ready, Willing and Able Airport Concessions Pool

The Louisiana Unified Certification Program (LAUCP) is the basis of the airport’s concessions DBE pool. The Louisiana Department of Transportation and Development (LADOTD) and the New Orleans Metropolitan Certifying Agency (NOMCA) – including the Louis Armstrong New Orleans International Airport have been identified as agencies authorized to provide certification services in the State of Louisiana. For the purposes of this analysis, only ACDBEs’ certified in Region 2 by the New Orleans Metropolitan Certifying Agency, which includes the Louis Armstrong New Orleans International Airport, the New Orleans Regional Transit Authority and the Orleans Levee District are considered as the vendor target market.

The list of certified-DBE contractors is compared to a more global list of businesses, segregated by NAICS Code. The U.S. Census Bureau’s County Business Pattern (USCBP) database is used to determine the general market population of ready, willing businesses.

NAICS	Retail Category	Percentage	LAUCP	US Census CBP	Base ACDBE Goal
722310	Food/Beverage	38%	9	141	2.23%
453220	Gift/Novelty/Souvenirs	23%	9	163	1.29%

NAICS	Retail Category	Percentage	LAUCP	US Census CBP	Base ACDBE Goal
812930	Parking	31%	4	88	1.45%
541850	Advertising	2%	3	12	0.46%
333924	Luggage Carts	1%	0	N/A	
485310	Ground Transportation	1%	1	87	0.01%
454210	Vending Machine Operators	1%	2	9	0.12%
	Goods/Services*	6%	30	2277	0.08%
		100%	58	2777	5.64%

NAICS	Retail Category	Percentage	LAUCP	US Census CBP	Base ACDBE Goal
561720	Janitorial	30%	22	196	3.37%
561612	Security	50%	7	68	5.15%
561320	Staffing	5%	13	134	0.49%
424130	Office Supplies	3%	3	15	0.60%
561710	Pest Control	7%	4	70	0.40%
541211	Financial Services	2%	3	272	0.02%
541110	Legal Services	3%	4	1206	0.01%
		100%	56	1961	10.03%

The Base Figure calculation weighs the relative availability of ACDBE concessionaires to the relative amount of concessions businesses available for the total pool of businesses located in the metro New Orleans area. Based on raw data, ACDBE-certified businesses represent 5.64% (including purchases of goods and services) of the total available businesses in the metropolitan New Orleans area.

Base Figure Adjustments

After calculating the Base Figure of 5.64%, it was determined that this rate of participation is inconsistent with historical data and that adjustments to the Base Figure are warranted. To ensure that the goals for the NOAB truly reflect the participation expected absent to effects of discrimination, this methodology goes beyond the raw formula derived by comparing databases; the methodology factors other subjective considerations into the formula to better estimate local market conditions.

The following data was considered in determining an adjustment to the Base Figure: 1) past DBE participation, 2) future concessions opportunities and 3) disparity studies.

Historical ACDBE Performance

For the purpose of this analysis, adjustments were made based primarily on the historical ACDBE participation accomplishment as detailed below.

Fiscal Years	Goal %	Accomplishment %	Race Neutral
Fiscal Year 2010 - 2011 (FY 2011)	23.35%	46.09%	19.97%
Fiscal Year 2011 - 2012 (FY 2012)	23.35%	45.04%	20.13%
Fiscal Year 2012 - 2013 (FY 2013)	23.35%	33.49%	14.91%
	Average	41.54%	18.33%
	Median	40.81%	19.97%

Over the past three completed fiscal years the average ACDBE participation of 41.54% exceeded the ACDBE goal of 23.35% by 18.19%. The ACDBE goal variance is indicative of several factors over the past three (3) years. The most obvious cause of the variance is the post-Katrina economic boom the city experienced as rebuilding funding poured into the city from both public and private sources. As well, the economic growth of the city was coupled with a resurgence in tourism and convention activity as major events such as the Jazz and Heritage Festival, the French Quarter Festival, the Essence Festival and the post-Katrina return of sporting events including the Nokia Sugar Bowl and the Super Bowl. As such, as a destination airport LANIOA experienced significant activity over the past three years. A final factor contributing to the positive variance in ACDBE goal attainment was a restructuring of the concession program to accommodate Super Bowl travelers.

Other Adjustment Factors Considered

Disparity Studies

The airport has inquired about the availability of disparity study data for the New Orleans area and the state of Louisiana from other like-funded agencies such as the Louisiana Department of Transportation as well as from other local and regional airports. There are no studies currently available and none conducted within the last seven (7) years. The airport is studying its options relative to a disparity study which includes coordination and linkage with other local, state and federal agencies in the region with mandated DBE programs and policies for inclusion.

Use of Race Neutral Means

Historically, the NOAB achieved ACDBE participation through the use of race conscious means – contract goals. Establishing contract goals will continue to be used to meet any portion of the overall goal the NOAB does not project being able to meet using race neutral means. Given the past three (3) year history of ACDBE participation, contract goals will likely continue as a means of encouraging concessionaire opportunities. However, contract goals need not be established on every such contract, the size of contract goals will be adapted to the circumstances of each such contract (e.g., type of product or service and the availability of ACDBEs to provide the particular type of product or service). The NOAB will endeavor to create a contracting environment that facilitates the ACDBE goal through race neutral means. The following race neutral measures will be taken to increase ACDBE participation:

1. Encourage master concessionaires to structure concession opportunities to foster and facilitate the participation of ACDBEs when practical; and
2. Identify opportunities for technical assistance to ACDBE firms; including assisting with back-office, financial and marketing services.
3. Identify education and training programs to encourage an expansion of services, which are offered to ACDBEs and small businesses.
4. Ensure that the ACDBE website is updated with available opportunities for ACDBE-owned and other small business firms in the community.
5. Utilize emerging technology to include the ACDBE directory in the DBE office's web site.
6. Identify opportunities for business development assistance through financing and loan guarantee programs with local banks and lending organizations.

In order to ensure that the ACDBE program is narrowly tailored to overcome the effects of discrimination, the airport will track and report race neutral and race conscious ACDBE participation. For reporting purposes, race neutral ACDBE participation includes, but is not limited to, the following: ACDBE participation through a master concessions lease, where ACDBE participation is obtained through customary competitive procurement procedures; ACDBE participation on a sub-lease that exceeds the stated contract goal; and ACDBE participation through a sub-lease from a master concessionaire that did not consider a firm's ACDBE status in the lease.

Public Participation and Consultation

The involvement of interested community and business stakeholders is the ultimate measure to gauge the fairness and effectiveness of ACDBE participation goals. LANOIA is currently and will continue to consult with relevant stakeholders including, but not limited to the following:

Louisiana Minority Business Council, the New Orleans Regional Black Chamber of Commerce, the New Orleans Hispanic and Asian Chambers of Commerce, the New Orleans Chamber of Commerce, minority and women's business groups, community organizations, trade associations, as well as currently certified disadvantaged businesses, and other officials or organizations which could be expected to have information concerning the availability of disadvantaged businesses, the effects of discrimination on opportunities for ACDBEs, and LANOIA's efforts to increase participation of ACDBEs.

A notice of the proposed overall goal will be available to the public for 30 days following the date of the notice and comments regarding these documents will be accepted for 45 days after the date the notice is published. The public notice will indicate the location(s) where the proposal can be reviewed and where comments can be transmitted. The notice will be published in the following publications:

1. The Louisiana Weekly
2. The Times Picayune
3. Data News Weekly
4. LANOIA Website: www.flymsy.com

Establishment of the FFYs 2015 - 2017 ACDBE Goal

Over the past three (3) years, the average ACDBE Goal has been 23.35%. The average ACDBE participation accomplishment has been 41.54%, resulting in a LANOIA exceeding the DBE goal by 18.19%.

The base ACDBE goal calculated for FFYs 2015 - 2017 is 5.64%. However, given the airport's recent history of ACDBE participation and the positive impact of the post-Katrina economic boom the city is experiencing, averaging the base goal with the performance for the past three years appears to be the more accurate indication of the relative availability of ACDBEs in the local market to provide concession products and services at LANOIA. **Therefore, the airport's adjusted DBE goal is proposed at 32.54% for federal fiscal years 2015 through 2017. Moreover, continued use of Race Conscious (contract goals) means is recommended through FY 2017.**

*Base Goal Adjustment Calculation ((FFYs 2010 + 2011+ 2012+ Base Goal)/4) = Adjusted DBE Goal

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