

LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT



AIRPORT CONCESSIONS DISADVANTAGED BUSINESS ENTERPRISES GOAL SETTING METHODOLOGY

FEDERAL FISCAL YEARS 2018 – 2020

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

**Federal Fiscal Years 2018, 2019 and 2020
(October 1, 2017 to September 30, 2020)**

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, 2017, 2018, 2019 and ending on September 30, 2018, 2019 and 2020 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 2018, 2019 and 2020 is 23.93%.***

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 - Delaware North - Chase JV	35,301,577	20% race-neutral JV; 23.35% procurement; 35% revenues
Gift/Novelty/ Souvenirs	New Orleans Air Ventures (NOAV II)	24,79,631	34.10% race-neutral JV mid-FY 2015 (15% race-neutral JV FY 2013 - mid-FY 2015); 35% revenues
Parking	New South Parking	23,898,893	40% race-neutral JV DBE
Advertising	In-Ter-Space Advertising	1,549,690	10% procurement
Luggage Carts	Smarte Carte	210,847	10% procurement
Ground Transportation	A Airport Limousine; Airport Shuttle	5,890,735	100%; 25% overall
Vending Machine	Refreshment Solutions/ACE Vending Solutions JV	528,375	6% Revenue
Goods/Services		14,537,068	32.02%

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, St. Charles and St. Bernard. 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. Furthermore, federal and state regulations prohibit the use of local preferences in contracting opportunities.

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 as detailed below.

NAICS	RETAIL CATEGORY	ESTIMATED ANNUAL VALUE	PERCENTAGE
722310	Food/Beverage	\$ 35,301,577	33.08%
453220	Gift/Novelty/Souvenirs	\$ 24,791,631	23.23%
812930	Parking	\$ 23,898,893	22.40%
541850	Advertising	\$ 1,549,690	1.45%
333924	Luggage Carts	\$ 210,847	0.20%
485310	Ground Transportation	\$ 5,890,735	5.52%
454210	Vending Machine Operators	\$ 528,375	0.50%
	Goods/Services	\$ 14,537,068	13.62%
		\$ 106,708,816	

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.

For NOAB’s concessions program, 110 DBE firms have been identified including 41 retail services vendors and 69 goods and services vendors. 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 and revealed 408 retail vendors and 2,437 goods and services businesses as provided in the tables below.

NAICS	Retail Services	LAUCP	US Census CBP
722310	Food/Beverage	12	138
453220	Gift/Novelty/Souvenirs	9	128
812930	Parking	2	100
541850	Advertising	10	11
333924	Luggage Carts ¹	0	1
485310	Ground Transportation	7	18
454210	Vending Machines	1	12
	Total	41	408

NAICS	Goods & Services	LAUCP	US Census CBP
561720	Janitorial	28	214
561612	Security	6	68
561320	Staffing	22	138
424130	Office Supplies	0	18
561710	Pest Control	3	76
541211	Financial Services	6	275
541110	Legal Services	4	1240
	Total	69	2029

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 metropolitan New Orleans area. Based on raw data, ACDBE-certified businesses represent 8.93% (including purchases of goods and services) of the total available businesses in the metropolitan New Orleans area.

¹ There were no vendors in the market for luggage carts. NOAB’s luggage cart services are provided by a national vendor. No DBE firms are certified in this area.

NAICS	Retail Category	Percentage	LAUCP	US Census CBP	Base ACDBE Goal
722310	Food/Beverage	33.08%	12	138	0.02876522
453220	Gift/Novelty/Souvenirs	23.23%	9	128	0.01633359
812930	Parking	22.40%	2	100	0.00448000
541850	Advertising	1.45%	10	11	0.01318182
333924	Luggage Carts ²	0.20%	0	1	0.00000000
485310	Ground Transportation	5.52%	7	18	0.02146667
454210	Vending Machines	0.50%	1	12	0.00041667
	Goods/Services ³	13.62%	69	2029	0.00463174
	Total		110	2437	0.0892757
	Percentage				8.93%

Base Figure Adjustments

After calculating the Base Figure of 8.93%, 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 and factors other subjective considerations including past DBE participation and disparity studies as detailed in the following sections.

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 2011 - 2012 (FY 2012)	23.35%	48.16%	24.81%
Fiscal Year 2012 - 2013 (FY 2013)	23.35%	39.05%	15.70%
Fiscal Year 2013 - 2014 (FY 2014)	23.35%	39.11%	15.76%
Fiscal Year 2014 - 2015 (FY 2015)	32.02%	34.02%	2.00%
Fiscal Year 2015 - 2016 (FY 2016)	32.02%	35.42%	3.40%
Fiscal Year 2016 - 2017 (FY 2017)	32.02%	37.82%	5.80%
	Average	38.93%	11.25%
	Median	38.44%	10.75%

Over the past six completed fiscal years the average ACDBE participation is 38.93%, exceeding the ACDBE each year and resulting in average race-neutral participation of 11.25%. The ACDBE goal variance is indicative of several factors over the past six (6) years. The most obvious cause

² There were no vendors in the market for luggage carts. NOAB's luggage cart services are provided by a national vendor. No DBE firms are certified in this area.

³ The goods and services availability is detailed below.

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 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 and Development (LaDOTD) as well as from other local and regional airports. There are no studies currently available and none conducted within the last seven (7) years for any LADOT or US Department of Transportation (USDOT) assisted agencies in the state. The City of New Orleans is currently conducting a disparity study which is anticipated to be released in May of 2018. The City of New Orleans' study looks at City funded procurement activity and also at the broader public and private sector marketplace. The study does not look at FAA funded activity or any USDOT funded programs.

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.
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 continue to 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: 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. The New Orleans Advocate
4. Data News Weekly
5. LANOIA Website: www.flymsy.com

Establishment of the FFYs 2018 - 2020 ACDBE Goal

The base ACDBE goal calculated for FFYs 2018 - 2020 is 8.93%. However, given the airport's recent history of ACDBE participation and the positive impact of the post-Katrina economic boom the city has experienced and the development of the NOAB's new terminal, averaging the base goal with the performance for the past six 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 23.93% for federal fiscal years 2018 through 2020. Moreover, continued use of Race Conscious (contract goals) means is recommended through FY 2020.***

ACDBE Goal Calculation

The base DBE goal calculated for 2018 – 2020 is 8.93%.

The average DBE participation is 38.93%.

The FY 2016 – 2018 DBE Goal is calculated using the following formula:

$$\begin{aligned} & \text{[(Six-Year Participation Average + FY 2018 Base Goal)/2=Adjusted DBE Goal]} \\ & \text{((8.93 \% + 38.93\%) divided by 2) = 23.93\%} \end{aligned}$$