

# Overall Goal Calculation for Non-Car Rental Concessions FY 2021-23

Name of Recipient: **Birmingham Airport Authority**

Name of Airport(s): **Birmingham-Shuttlesworth International**

Goal Period: **FY 2021-23 (10/1/2020 through 9/30/2023)**

Overall Three-Year Goal: **17.1%, to be accomplished through 15.0% Race Conscious and 2.1% Race Neutral**

## Market Area

Birmingham Airport Authority has determined that the market area for Birmingham-Shuttlesworth International is Birmingham Metropolitan Area, which includes seven counties: Bibb, Blount, Chilton, Jefferson, St. Clair, Shelby and Walker. The market area is the geographical area in which the substantial majority of firms which seek to do concessions business with the airport are located and in which the firms which receive the substantial majority of concessions-related revenues are located.

The concession opportunities anticipated during this goal period for this market area are: Goods and services for the advertising concession.

## Base of the goal

To calculate the base of the goal, Birmingham Airport Authority considered the most recent previous 3 years of gross concession receipts and the projected potential concession revenue (gross receipts) three years into the future including upcoming new opportunities.

Year	Non-Car Rental Concessions Gross Receipts
2018	\$12,360,775
2019	\$13,714,391
2020	\$7,415,535

Birmingham Airport Authority estimates that revenues to existing concessions will remain the same over the next three years due to With the pandemic, the Authority feels that we need to adjust our anticipations. We are hopeful that by 2023, the numbers will begin to increase.

Year	Annual Growth / Reduction Estimate	Annual Gross Receipts Estimate
2021	-60%	\$2,966,214
2022	0%	\$2,966,214
2023	40%	\$4,152,700
Three-Year Total Gross Receipts:		\$10,085,128

Average Annual Reduction Rate:	-15%
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$\$2,966,214 + \$2,966,214 + \$4,152,700 = \$10,085,128$  which is the recipient's base of goal for non-car rental 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.

If a new concession opportunity arises prior to the end of this goal period, Birmingham Airport Authority will submit to the FAA an appropriate adjustment to the overall goal. This will be submitted to FAA for approval no later than 90 days before issuing the solicitation for the new concession opportunity.

### Methodology used to Calculate Overall Goal

Birmingham Airport Authority can meet the percentage goal by including any business operated through a management contract or subcontract with an ACDBE. Birmingham Airport Authority, 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 recipient'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.

Birmingham Airport Authority, 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.

Birmingham Airport Authority will include goods and services purchases from ACDBEs toward meeting the goal.

### Step 1 - Actual Relative Availability of ACDBEs - §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:

Numerator: Ready, willing, and able non-car rental ACDBEs in the market area  
 \_\_\_\_\_ divided by \_\_\_\_\_  
 Denominator: All ready, willing and able non-car rental concession firms in the market  
 area

The data source(s) used in the calculation included:

- BAA's Active Participant Lists from previous RFPs and inclusion on the list of available DBEs/ACDBEs.

The calculation and explanation for this is as follows:

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Concession Activity	NAICS	# ACDBE Certified Firms	# Total Firms	% Availability	% of Concession Dollars
Restaurant - Full service	722511	5	19	26.3%	45.0%
Restaurant - Limited Service	722513	5	19	26.3%	27.0%
Retail	453998	3	16	18.8%	28.0%
Weighted ACDBE Availability:					24.2%

When we calculated the weighted average availability we arrived at the Step 1 base figure for our overall goal for non-car rental concessions of **24.2%**.

### **Breakout of Estimated “Race and Gender Neutral” (RN) and “Race and Gender Conscious” (RC) Participation**

Birmingham Airport Authority will make every reasonable effort to meet the maximum feasible portion of its overall goal by using race-neutral means of facilitating ACDBE participation. Birmingham Airport Authority will use the following race-neutral measures.

We understand that we will be expected to actually take these steps, and this is not merely a paper exercise.

- Notify ACDBEs of concession opportunities and encouraging them to compete, when appropriate
- When practical, structure concession activities so as to encourage and facilitate the participation of ACDBEs

If race-neutral measures, standing alone, are not sufficient to meet an overall goal, the following race-conscious measures will be used to meet the overall goal:

- Establish concession-specific ACDBE goals for particular concession opportunities.

Birmingham Airport Authority estimates that, in meeting the overall goal of 17.1%, it will obtain 2.1% from race-neutral participation and 15.0% through race-conscious measures. The reason for the breakout is that Birmingham Airport Authority has not been able to achieve its goal in recent past years and will use ACDBE concession goals to achieve this goal.

- We have included a goal for F&B agreement extension. Their previous ACDBE left their JV agreement, and they are now working with two (2) ACDBEs to achieve participation.
- **Retail concessionaire is retaining their ACDBE participation.**
- **Our Advertising concessionaire continues to use ACDBEs for all of their goods and services achievable.**
- ACDBE prime concessionaires are expected to accomplish at least 90% of the participation therefore we are applying 2.1% to race-neutral and 15.0% to race-conscious participation. We anticipate Goods and Services to assist with the remainder.

In order to ensure that Birmingham Airport Authority's ACDBE program will be narrowly tailored to overcome the effects of discrimination, if concession specific goals are used, Airport will adjust the estimated breakout of race-neutral and race-conscious participation as needed to reflect actual ACDBE participation and race-neutral and race conscious participation will be tracked 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.

Birmingham Airport Authority will maintain data separately on ACDBE achievements in those contracts with and without concession specific goals, respectively.

## **Consultation**

Birmingham Airport Authority routinely meets with stakeholders in an effort to increase ACDBE participation. Stakeholders consulted included minority and women's business groups, community organizations, trade associations representing concessionaires currently located at the airport, as well as existing concessionaires themselves, 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 the sponsor's efforts to increase participation of ACDBEs.

Specifically, Birmingham Airport Authority consulted with: our F&B concessionaire to achieve their goal. They sought out two (2) DBE firms, and both have agreed to participate on their agreement. The consultation was done by **discussions**.

The following comments were received during the course of the consultation: They were excited to work at the Birmingham-Shuttlesworth International Airport to achieve sales.