PUBLIC NOTICE

The Des Moines Airport Authority hereby announces its goal of 7.73% for non-rental car Airport Concession Disadvantaged Business Enterprise (ACDBE) airport concessions and 0.0% for rental car concessions. The proposed goals and rationale are available for inspection between 8:00 a.m. and 5:00 p.m., Monday through Friday, at the Des Moines Airport Authority’s administrative offices at the address below, as well as on the Des Moines International Airport’s website, www.dsmairport.com.

Comments on the ACDBE goal will be accepted for 30 days from the date of this publication and can be sent to the following:

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**Attachment 4**

*Section 23.45 Overall Goal for Concessions other than Car Rental Calculation, Consultation, Breakout of Estimated Race-Neutral & Race-Conscious Participation*

**Amount of Goal**

The Authority’s overall goal for concessions other than car rental during the period beginning October 1, 2018, and ending September 30, 2021, is 7.73% of the total gross receipts for concessions at the Des Moines International Airport. 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.

Only one concession opportunity is anticipated during this goal period, for the vending machine concession. Gross receipts are anticipated to be less than $200,000. If an opportunity arises that will have estimated gross receipts in excess of $200,000 the Airport will submit an appropriate adjustment to the overall goal. This will be submitted to FAA for approval at least 90 days before issuing the solicitation for the concession opportunity. (23.45(i)).

The Authority determines the market area for each concession opportunity as it arises. This is the geographical area in which the substantial majority of firms which seek to do the specific concessions business with the Airport are located and the geographical area in which the firms receive a substantial majority of concessions-related revenues are located.

**Method Used to Calculate Overall Goal**

**Goods and Services**

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

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

For Option 1, the Authority looked at census data for the Des Moines-West Des Moines Metropolitan Statistical Area, as defined by the U.S. Census Bureau. From that data, the Airport determined the base figure for the relative availability of ACDBEs other than car rentals. The base figure was calculated as follows:

\[
\text{Base figure} = \frac{\text{Ready, willing, and able non-car rental ACDBEs in the market area}}{\text{All ready, willing and able non-car rental concession firms in the market area}}
\]

The data source for the numerator was the Iowa Unified Certified Program DBE directory. Searching that directory, the Airport found five (5) certified DBEs in the area of airport concessions, including food/beverage, retail, and advertising. Therefore, the numerator for the base figure computation is five (5).

For the NAICS codes of 451212, 453220, 541850, 722310, and 722511, the data source for the denominator is census bureau data at www.census.gov. The Authority searched for the State of Iowa, and under the above-listed NAICS codes, there are 567 establishments. Therefore, the denominator for the base figure computation is 567.

When we divided the numerator by the denominator we arrived at the base figure for our overall goal for non-car rental concessions of: \( \frac{5}{567} = .0088 \) or **0.88%**.

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.

In order to reflect as accurately as possible the ACDBE participation we would expect in the absence of discrimination we have adjusted our base figure by 6.85%. **Our overall goal for non-car rental concessions is 7.73%**.

The data used to determine the adjustment to the base figure was:

1. **Past participation** - The Authority evaluated the current capacity of ACDBEs to perform work in our concessions program by measuring the volume of work ACDBEs have performed in the past. The analysis of past participation showed that registered DBE’s participation in airport non-car rental concessions and management agreements averaged 14.30% over the prior three years (15.42% in FFY16, 13.95% in FFY17, 14.35% in FFY18).
   
   The consistency of the participation level over three years indicates that it is a reasonable measure of participation in the absence of discrimination. However, the entire registered ACDBE participation comes from a single participant who operates one of the only two non-advertising DBE firms registered in the state of Iowa. Should the Authority’s affiliation end with the ACDBE due to contractual violation or the ACDBE lose its disadvantaged status under Part 23, the total participation would be zero. On that basis, the Authority averaged the base figure of 0.88% and the average participation from the last three years of 14.57%, and subsequently adjusted the base figure to 7.73%.
2. **Disparity study** – The Authority is not aware of any disparity studies for the Des Moines Metropolitan Area or the state of Iowa.

3. **Other evidence** - The Authority included all ACDBEs listed in the IA UCP in our numerator, even firms from outside our geographical area. The denominator is comprised of retail establishments only in the Des Moines Metropolitan Area proper. Therefore, our base figure could be inflated due to a number of ACDBE firms included that would not consider doing business in our market.

Finally, the Authority is not aware of any statistical disparities in the ability of ACDBEs to get financing, bonding, and insurance required to participate in this program, nor any data on employment, self-employment, education, training, and union apprenticeship programs to the extent it can be related to opportunities for ACDBEs to perform in this program. Consequently, it was appropriate to make no adjustment in the base figure.

**Consultation with Stakeholders (23.43)**

Because there are limited opportunities during this goal period, our consultation with stakeholders has been likewise limited. As new concession opportunities arise during this goal period, the Airport will conduct stakeholder meetings for each concession opportunity during the goal setting process for the specific opportunity. We will invite the current concessionaires, ACDBEs listed in the IA UCP directory for the appropriate trades, and members of the various organizations that could be expected to have information concerning either the availability of disadvantaged businesses or the effects of discrimination on opportunities for ACDBEs.

**Section 23.51 Breakout of Estimated Race-Neutral & Race Conscious Participation**

The Authority will meet the maximum feasible portion of its overall goal by using race-neutral means of facilitating ACDBE participation. The Authority uses the following race-neutral measures to increase ACDBE participation:

1. Locating and identifying ACDBEs and other small businesses who may be interested in participating as concessionaires under 49 CFR Part 23 - The Authority entertains any and all requests for doing business at our airport. Our website contains a feature allowing for requesting information on concessions and leases.

2. Notifying ACDBEs of concession opportunities and encouraging them to compete, when appropriate - All requests for proposals for business in our airport are published in local newspapers and posted on the Authority’s website. In some instances, we also publish these needs in industry trade journals.

The Authority estimates that, in meeting our overall goal of 7.73%, it will obtain 100% from race-neutral participation and 0% through race-conscious measures.

The Authority believes the race-neutral measures alone are sufficient to meet its goal. In the past, it has met its ACDBE goals without requiring race-conscience measures. In order to ensure that the 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; ADCBE participation through a subcontract on a prime contract that does not carry ACDBE goals; 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. The Authority does not have, nor does it plan to institute, any race-conscious measures to meet our goal.

If the Authority projects that race-neutral measures, standing alone, are not sufficient to meet an overall goal, it will consider establishing race-conscious measures to meet the overall goal.
Attachment 5

Section 23.45: Overall Goal Calculation for Car Rentals

Amount of Goal

The Authority’s overall goal for car rentals during the period beginning October 1, 2018, and ending September 30, 2021, is 0% of the total gross receipts of car rental operations at the Des Moines International Airport.

During this goal period, all rental car concession agreements will expire and the Authority will hold a public request for proposals (RFP) to replace them. The Authority will review DBE participation for all rental car contracts and determine if it has risen enough that an adjustment to the goal is needed. This will be submitted to FAA for approval at least 90 days before executing the new concession agreement. (23.45(i)).

If a new car rental concession opportunity arises prior to the expiration of the current rental car concession agreements and if the estimated average of annual gross revenues is anticipated to be $200,000 or greater, the Airport will submit an appropriate adjustment to the overall goal. This will be submitted to FAA for approval at least 90 days before executing the new concession agreement. (23.45(i)).

The Authority has determined that its market area for rental cars is the Des Moines-West Des Moines Metropolitan Statistical Area, as defined by the U.S. Census Bureau. All rental car companies are national companies that continue to grow.

Methodology used to Calculate Overall Goal

Goods and Services

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

Step 1: 23.51(c)

We determined the base figure for the relative availability of car rental ACDBEs. The base figure was calculated as follows:

\[
\text{Base figure} = \frac{\text{Ready, willing, and able car rental ACDBEs in the market area}}{\text{All ready, willing and able car rental firms in the market area}}
\]

The data source or demonstrable evidence used to derive the numerator was the IA UCP directory. None of the companies currently under lease are ACDBEs, nor are there any firms registered as ACDBEs with the state. Therefore, our numerator is 0.
The data source or demonstrable evidence used to derive the denominator was our Active Participant List. There are six companies leasing at our airport. Therefore, our denominator is six.

When we divide the numerator by the denominator we arrived at the base figure for our overall goal for car rental concessions of: 0%, 0/6 = 0%

**Step 2: 23.51(d)**

We do not currently believe there should be an adjustment to the goal of 0%. There are no car rental companies listed in the IA UCP nor are there any companies listed as suppliers of goods and services to rental car companies. Prior to the expiration of the current contracts, the Authority will reevaluate the information to determine if an adjustment in the Step 1 base figure is warranted.

**Consultation with Stakeholders (23.43)**

The Authority investigated the use of an alternative method for goal setting for rental cars. For the NAICS codes of 441110, 441310, 441320, 488410, 488490, 811111, 811112, 811113, 811118, 811121, 811122, and 81119, the data source for the denominator is census bureau data at www.census.gov. The Authority searched for the State of Iowa, and under the above-listed NAICS codes, there are 497 establishments. Therefore, the denominator for the base figure computation is 497. None of these establishments are listed as DBEs in the State of Iowa.

The Authority also inquired of the six current lessees as to their purchases of goods and services from DBEs and received dollar values of purchases from them. The responses show past participation from them showed that registered DBE participation in airport car rental concessions averaged 1.90% over the prior four calendar years (1.07% in CY15, 1.41% in CY16, 2.80% in CY17, 2.70% in CY18). The participation level is generally low, and none of it involves registered DBEs in the state of Iowa, though there is some level of diverse spend involving non-registered businesses owned by women and minorities. On that basis, the Authority believes that the base figure should not be adjusted. The Authority will consider this information in setting ACDBE goals for the car rental concessions at the expiration of the current agreement.

**Breakout of Estimated Race-Neutral & Race Conscious Participation (23.51)**

The Authority will make this determination and submit that information to the FAA prior to expiration of the current rental car concession agreement.