ACDBE Program Consultation Meeting Agenda

Welcome and Introductions

Indianapolis International Airport:

Holli Harrington – Director of Supplier Diversity, Indianapolis International Airport

Purpose of ACDBE Program Public Meeting

Holli Harrington, Director of Supplier Diversity

Explanation of the Overall ACDBE Goals for Federal Fiscal Year 2018-2020

Kevin Weeden, Senior Vice President, Ken Weeden & Associates, Inc.

Questions and Answers
What is the ACDBE program?

ACDBE = Airport Concessions Disadvantaged Business Enterprise

Program designed to increase opportunities for minority- and women-owned companies to participate in airport concessions.
What is an ACDBE?

A firm that is at least *51%* owned and controlled by one or more persons that are presumed to be socially and/or economically disadvantaged

Must undergo certification process

Must meet personal net worth standards and business size standards
What is an ACDBE?

Firms located outside the State of Indiana must be certified in their home state prior to becoming certified in Indiana.

Only firms certified by the Indiana Unified Certification Program are eligible to be ACDBE firms.
Objectives of the ACDBE program

To ensure nondiscrimination in the award and administration of opportunities for concessions by airports receiving USDOT financial assistance.

To create a level playing field on which ACDBEs can compete fairly for opportunities for concessions.

To ensure the ACDBE program is narrowly tailored in accordance with applicable law.
Objectives of the ACDBE program

To ensure that only firms that fully meet eligibility standards are permitted to participate as ACDBEs.

To help remove barriers to the participation of ACDBEs in opportunities for concessions at airports.

To provide appropriate flexibility to airports in establishing and providing opportunities for ACDBEs.
Who participates in the ACDBE program?

All primary airports whose concessions generate on average at least $200,000 in gross revenue per year over a three-year period.

Primary airports are airports that have air carrier service and have over 10,000 enplanements per year.
How are ACDBE goals set?

Goals are set by the type of concession

Overall goal for car rental concessions

Goals are set on a three-year basis

Overall goal for all other concessions (‘non-car rental concessions’)

Goals are set using a two-step process (calculation of base figure, adjustment of base figure)
Calculating the Base Figure
(Step 1 – relative availability)

1. List the current concessionaires, and group by type.
### Non-Car Rental Goal
FY 2018 - 2020 Concession Types

<table>
<thead>
<tr>
<th>Currency exchange</th>
<th>Passenger services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food &amp; beverage</td>
<td>Retail/specialty shops</td>
</tr>
<tr>
<td>News &amp; Gifts</td>
<td></td>
</tr>
</tbody>
</table>
Calculating the Base Figure (Step 1)

2. Based on prior years’ gross receipts, project the potential concession revenue three (3) years into the future for concessions.
Calculating the Base Figure (Step 1)

PERCENTAGE OF GROSS RECEIPTS

- Food & Beverage, 66%
- Retail, 12%
- News & Gifts, 17%
- Currency Exchange, 4%
- Passenger Services, 1%

Indianapolis International Airport: Three-Year Gross Receipts
Calculating the Base Figure (Step 1)

The total gross receipts for the previous 3-year period is $137,056,192.

Enplanements are projected to increase 2.1%* per year.

Base figure for next 3 years = $153,582,804.

* https://www.indianapolisairport.com/about/media/media-releases/airport-land-use-and-development-study-yields-preliminary-forecasts-and-data
3. The **normal market area** (NMA) for non-car rental concessions at the Airport is **statewide**. Factors in the NMA determination are:

- Geographical area where most of the current concessionaires are located
- Interested Vendor lists
4. Estimate the number of potential concessionaires, in the market area, compared to the number of ACDBE concessionaires in the market area.

This is the “relative availability of ACDBEs”
Relative Availability of ACDBEs

This information comes from:

• US Census Bureau County Business Patterns

• Indiana Unified Certification Program (UCP) Directory

• Indiana Department of Administration Certified Business Directory

• City of Indianapolis Office of Minority and Women Business Development (OMWBD) Vendor Listing
## Relative Availability of ACDBEs

<table>
<thead>
<tr>
<th>Concession activity</th>
<th>NAICS codes</th>
<th>ACDBE firms</th>
<th>All firms</th>
<th>Relative Availability</th>
<th>Ratio of Estimated Gross Receipts</th>
<th>Weighted Availability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electronics shops</td>
<td>443142</td>
<td>0</td>
<td>103</td>
<td>0.00%</td>
<td>0.03</td>
<td>0.00%</td>
</tr>
<tr>
<td>Men's clothing</td>
<td>448110</td>
<td>1</td>
<td>24</td>
<td>4.17%</td>
<td>0.01</td>
<td>0.04%</td>
</tr>
<tr>
<td>Women's clothing</td>
<td>448120</td>
<td>1</td>
<td>109</td>
<td>0.92%</td>
<td>0.00</td>
<td>0.00%</td>
</tr>
<tr>
<td>Sports apparel</td>
<td>448190</td>
<td>2</td>
<td>25</td>
<td>8.00%</td>
<td>0.06</td>
<td>0.50%</td>
</tr>
<tr>
<td>Jewelry</td>
<td>448310</td>
<td>0</td>
<td>48</td>
<td>0.00%</td>
<td>0.01</td>
<td>0.00%</td>
</tr>
<tr>
<td>Luggage &amp; Leather Goods</td>
<td>448320</td>
<td>0</td>
<td>4</td>
<td>0.00%</td>
<td>0.01</td>
<td>0.00%</td>
</tr>
<tr>
<td>News &amp; gifts</td>
<td>453220</td>
<td>3</td>
<td>49</td>
<td>6.12%</td>
<td>0.16</td>
<td>1.00%</td>
</tr>
<tr>
<td>Currency exchange</td>
<td>523130</td>
<td>0</td>
<td>1</td>
<td>0.00%</td>
<td>0.04</td>
<td>0.00%</td>
</tr>
<tr>
<td>Food &amp; beverage</td>
<td>722513</td>
<td>16</td>
<td>823</td>
<td>1.94%</td>
<td>0.61</td>
<td>1.19%</td>
</tr>
<tr>
<td>Snack shops</td>
<td>722515</td>
<td>4</td>
<td>126</td>
<td>3.17%</td>
<td>0.05</td>
<td>0.15%</td>
</tr>
<tr>
<td>Spa services</td>
<td>812199</td>
<td>1</td>
<td>63</td>
<td>1.59%</td>
<td>0.01</td>
<td>0.02%</td>
</tr>
</tbody>
</table>

**WEIGHTED STEP 1 BASE FIGURE = 2.91%**
Calculating the Base Figure (Step 1 – active participants)

Determine the number of ACDBE firms that have actively participated in airport concessions in the past three years.

Determine the total number of firms that have actively participated in airport concessions in the past three years.
Calculating the Base Figure (Step 1 – active participants)

ACDBE firms (active participants) = 5

Total firms (active participants) = 22

\[
\frac{5}{22} \times 100 = 22.73\%
\]
Adjust the Goal – Step 2

The relative availability figure = 2.91%.
The active participants figure = 22.73%.

\[
\frac{(2.91\% + 22.73\%)}{2} = 12.82\%
\]

12.82% Step 1 ACDBE base figure

Step 2 is to consider additional evidence to adjust the Step 1 base figure.

Evidence of “adjustment factors” include:
### Indianapolis Airport Authority

**Non-Car Rental ACDBE Accomplishments for FY 2014 – FY 2016**

<table>
<thead>
<tr>
<th>Report Period</th>
<th>ACDBE Goal</th>
<th>Total ACDBE % Achieved</th>
<th>Achieved Over/Under</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2014</td>
<td>15.50%</td>
<td>9.19%</td>
<td>-6.31%</td>
</tr>
<tr>
<td>FY 2015</td>
<td>9.92%</td>
<td>11.31%</td>
<td>1.39%</td>
</tr>
<tr>
<td>FY 2016</td>
<td>9.92%</td>
<td>11.74%</td>
<td>1.82%</td>
</tr>
<tr>
<td><strong>MEDIAN</strong></td>
<td><strong>11.31%</strong></td>
<td></td>
<td><strong>1.39%</strong></td>
</tr>
</tbody>
</table>
Adjust the Goal – Step 2

Additional adjustment factors include consideration of:

- Local Disparity Studies
- Statistically Quantifiable Information regarding the capacity of ACDBEs.
Adjust the Goal – Step 2

The Base Figure (Step 1) was 12.82%

The Median Historic Achievement is 11.31%

Then average the two
(12.82 + 11.31)/2 =

The adjusted goal is 12.07%.
Given the amount of projected non-car rental opportunities within the Airport between October 1, 2017 and September 30, 2020, the ACDBE goal for non-car rental concessions is $18,537,444, or 12.07% of $153,582,804.
CAR RENTAL CONCESSIONS GOAL

Much of the process for the Car Rental goal methodology is the same as for the Non-Car Rental Goal methodology.
**CAR RENTAL CONCESSIONS:**
Calculating the Base Figure – Step 1

**Indianapolis International Airport:**
Three-Year Gross Receipts

<table>
<thead>
<tr>
<th>Gross Receipts for Car Rental Concessions</th>
<th>FY 2014-2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2014</td>
<td>$81,697,207</td>
</tr>
<tr>
<td>FY 2015</td>
<td>$84,460,295</td>
</tr>
<tr>
<td>FY 2016</td>
<td>$90,682,733</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$256,840,234</strong></td>
</tr>
</tbody>
</table>
• Define market area
• List concession type by NAICS code
• Calculate “relative availability”
The average purchase amount for goods and services for the previous year was $93,693,068.

Expenditures projected to remain flat over the next three years.

$93,693,068 x 3 years = $281,079,204

Total projected expenditures
The normal market area (NMA) for car rental concessions is Marion County, based upon where the vendors, from whom the car rental companies purchase goods and services, are based.
CAR RENTAL CONCESSIONS: Calculating the Base Figure – Step 1

Based on the NMA, the “relative availability” of ACDBEs is:

<table>
<thead>
<tr>
<th>NAICS Codes</th>
<th>Activity</th>
<th>ACDBE Firms</th>
<th>All Firms</th>
</tr>
</thead>
<tbody>
<tr>
<td>423850</td>
<td>Janitorial supplies</td>
<td>6</td>
<td>92</td>
</tr>
<tr>
<td>424720</td>
<td>Fuel supplies</td>
<td>3</td>
<td>39</td>
</tr>
<tr>
<td>441320</td>
<td>Tire dealers</td>
<td>1</td>
<td>390</td>
</tr>
<tr>
<td>488410</td>
<td>Towing services</td>
<td>0</td>
<td>118</td>
</tr>
<tr>
<td>453210</td>
<td>Office supplies</td>
<td>1</td>
<td>180</td>
</tr>
<tr>
<td>524298</td>
<td>Insurance consultants</td>
<td>1</td>
<td>50</td>
</tr>
<tr>
<td>561622</td>
<td>Key replacement</td>
<td>0</td>
<td>58</td>
</tr>
<tr>
<td>561720</td>
<td>Janitorial services</td>
<td>46</td>
<td>1079</td>
</tr>
<tr>
<td>811121</td>
<td>Auto body/paint</td>
<td>1</td>
<td>786</td>
</tr>
<tr>
<td>811122</td>
<td>Auto glass repair/replacement</td>
<td>0</td>
<td>100</td>
</tr>
<tr>
<td>811192</td>
<td>Auto car wash/detailing</td>
<td>0</td>
<td>357</td>
</tr>
<tr>
<td>81233</td>
<td>Uniform supplies</td>
<td>0</td>
<td>18</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td><strong>59</strong></td>
<td><strong>3267</strong></td>
</tr>
</tbody>
</table>

\[
\frac{59}{3267} = 1.81\%
\]
The Base Figure is 1.81%

\[ \frac{59}{3267} = 1.81\% \]

Step 2 is to consider additional "evidence" to adjust the Step 1 base figure.

Evidence of "adjustment factors" include:
Adjust the Goal – Step 2

Historic Accomplishment – current capacity of ACDBEs

Indianapolis International Airport
Car Rental Accomplishments for FY 2014 – 2016

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<tr>
<td>FY 2014</td>
<td>3.30%</td>
<td>0.00%</td>
<td>-3.30%</td>
</tr>
<tr>
<td>FY 2015</td>
<td>1.45%</td>
<td>0.00%</td>
<td>-1.45%</td>
</tr>
<tr>
<td>FY 2016</td>
<td>1.45%</td>
<td>0.53%</td>
<td>-0.92%</td>
</tr>
<tr>
<td>MEDIAN</td>
<td>0.00%</td>
<td></td>
<td>-1.45%</td>
</tr>
</tbody>
</table>
Adjust the Goal – Step 2

The Base Figure (Step 1) was 1.81%

Median Historic Achievement is 0.00%

The overall goal is 1.81%
Car Rental Concessions Goal

Given the amount of projected car rental opportunities between October 1, 2017 and September 30, 2020, the car rental goal is 1.81% or $5,087,534 of $281,079,204.
How is ACDBE participation counted?

• Goals for *car rental concessions* may be met via:
  • Direct ownership arrangements
  • Purchases or leases of vehicles from ACDBE car dealers
  • Cost of repair and maintenance of vehicles
  • Other goods and services (e.g. janitorial supplies, insurance, uniforms, marketing, office supplies)
How is ACDBE participation counted?

- Goals for **non-car rental concessions** may be met via:
  - Total gross receipts earned under a concession agreement
  - Total value of a management contract or subcontract
  - Purchase of services (e.g. insurance, janitorial services, marketing)
  - Purchase of goods (e.g. janitorial supplies, insurance, uniforms, office supplies, kitchen supplies)
Questions

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