

**City of Houston
Goals for the Participation of
Airport Concession Disadvantaged Business Enterprises (ACDBEs)
At George Bush Intercontinental and William P. Hobby Airports
October 1, 2017 – September 30, 2020**

Pursuant to Title 49 of the Code of Federal Regulations, Part 23, the City of Houston, Houston Airport System, has established the following overall goals for the participation of Airport Concession Disadvantaged Business Enterprises (ACDBEs) in the Houston Airport System’s concession agreements, for the period of October 1, 2017 – September 30, 2020. The Houston Airport System operates a concessions program in one large hub sized airport; George Bush Intercontinental (IAH), and one mid-sized hub airport; William P. Hobby (HOU). Listed below are the calculated overall ACDBE goals for each airport.

Airport	Concession Goal	Rental Car Goal
George Bush Intercontinental (IAH)	32%	1%
William P. Hobby (HOU)	30%	1%

It is anticipated that the race neutral ACDBE participation at IAH will be **6%** and HOU will be **11%**.

Pursuant to instructions issued by the Federal Aviation Administration of the US Department of Transportation, the following information is provided herewith:

I. Accomplishment Report: October 1, 2015 - September 30, 2016 (Attachment 1) - IAH

Last fiscal year, IAH was below its 32% goal, with an overall ACDBE participation rate of 30.70%. This was calculated by dividing the gross receipts that certified ACDBEs earned (\$ 82,110,213) by the total gross receipts earned by all concessionaires during the report period (\$ 267,468,324).

II. Accomplishment Report: October 1, 2015 - September 30, 2016 (Attachment 2) - HOU

Last fiscal year, HOU was below its 29% goal, with an overall ACDBE participation rate of 25.79%. This was calculated by dividing the gross receipts that certified ACDBEs earned (\$ 19,073,996) by the total gross receipts earned by all concessionaires during the report period (\$73,970,886).

III. FY 2018 – FY 2020 Overall Goal

The overall ACDBE goals for FY 2018 – FY 2020 were calculated in accordance with 49 CFR, Section 23.51. The goals were calculated utilizing the following methodology:

Step 1- Determine a base figure for the relative availability of ACDBEs

In order to determine base availability figures for each concession area the Active Participants List of current Concessionaires at the Houston Airport System pursuant to 49 CFR, Section 23.51(c)(2) was used:

$$\text{Base figure} = \frac{\text{All active ACDBE non-car rental concession firms}}{\text{All Active non-car rental concession firms}}$$

The relative availability is as follows:

$$\frac{36 \text{ Active ACDBEs}}{109 \text{ Active Concessions (including ACDBEs)}} = \mathbf{33\%}$$

109 Active Concessions (including ACDBEs)

Concessionaires and ACDBEs were counted by their presence at either airport regardless of the number of contracts.

Step 2 - Adjust base figure to calculate overall goal

Once the base figure of the relative availability of ACDBEs was calculated, evidence was examined to determine what adjustment(s), if any, was needed to the base figure in order to arrive at the overall goal.

The City anticipates new concession opportunities during FY 2018 - 2020. The City anticipates concession opportunities in the following areas: Food & Beverage and Novelties/News/Gift/Retail.

Weighted Availability in each Upcoming Concession Area Opportunity - FY 18-20:

An availability figure was determined for each upcoming concession area using the following data sources:

- 2014 Harris County Business Patterns for the Houston PMSA
- City of Houston (COH) database of certified ACDBE firms

The number of ready willing and able firms was determined by using the Census Bureau's County Business Patterns, Houston PMSA data base which encompasses the following

HOU

Houston Airport System							
Office of Business Opportunity							
ACDBE Goal Calculation FY-2018 - 2020							
William P. Hobby Airport							
Weighted Ratio of Certified ACDBEs to Available Firms in Market Area							
NAICS Codes	Description	% of Work	Budget Amounts	ACDBEs	All Firms	ACDBE Availability	Weighted Availability
445120, 722310, 722513, 991001	Food & Beverage	70%	\$ 151,414,964	29	5,681	0.51%	0.36%
451212, 453220, 454210, 523130	Retail	30%	\$ 64,892,128	14	601	2.33%	0.70%
	TOTAL	100%	\$ 216,307,092				1.06%
Sources:							
United States Census- Harris County Business Patterns for the TX Metropolitan Statistical Area-2014							
DOT-TUCP - August 2014							

An adjustment was done to the base figure with the calculated weighted availability ratio for each respective airport. The base figure and the respective weighted availability ratio were added.

Adjustment: base figure + weighted availability

With the calculated weighted availability ratio for each respective airport, the base figure and the respective weighted availability ratio were added.

IAH

Base figure + weighted availability

$$33\% + 1.24\% = \mathbf{34.24\%}$$

HOU

Base figure + weighted availability

$$33\% + 1.06\% = \mathbf{33.06\%}$$

An additional adjustment was done to the calculated figures from above along with the past three years (2013 – 2016) ACDBE achievements at the respective airports to calculate the ACDBE goal at each airport. The past three years ACDBE achievements are as follows: IAH (30.70%, 29.65%, and 32.95%) HOU (25.79%, 25.59%, and 26.17%). We further adjusted our adjusted base figure by averaging the adjusted base figure to the median ACDBE achievement for the past three years.

Adjustment: (Adjustment Figure + Median ACDBE Achievement) / 2

IAH

(Adjustment figure + Median ACDBE Achievement) / 2 = ACDBE Goal

$$(34.24 + 30.70) / 2 = 32.47\%$$

Adjusted IAH ACDBE Goal = **32%**

HOU

(Adjustment figure + Median ACDBE Achievement) / 2 = ACDBE Goal

$$(34.06 + 25.79) / 2 = 29.92\%$$

Adjusted HOU ACDBE Goal = **30%**

The reason we chose to adjust our figure using this data was because we feel it reflects the availability and capacity of ACDBEs in our ongoing ACDBE program in this market area to the maximum extent feasible given the data available and does not impose undue burdens on non-ACDBEs.

Determining How Much of the Goal can be obtained by Race Neutral Measures

Pursuant to 49 CFR Part 23.51, it was necessary to ascertain how much ACDBE participation would result without the assistance of ACDBE contracting goals. To calculate this figure, the combined participation in FY 2016 of ACDBE prime contractors / ACDBE JV Partners operating at each airport was used as the numerator, while the total Estimated Gross Receipts was used as the denominator. The resulting percentage of ACDBE prime contractor participation for each airport is reflected in the table below.

Airport	Total Gross Revenues	Total ACDBE Prime Revenues	% Race Neutral Participation
IAH	\$267,468,639	\$14,799,639.00	5.53%
HOU	\$73,970,886	\$8,387,417.00	11.34%

Calculation of ACDBE Goal for Car Rentals

Title 49 CFR 23.41 requires the calculation of separate goals for car rentals. There are no anticipated opportunities for the upcoming Federal Fiscal years 2018 - 2020. Moreover, the ACDBE rental car goals overall have not been met. Several meetings with the FAA show this to be a nationwide concern. The City of Houston will continue working with ACDBEs, Car Rental Companies, and other agencies to find ways to fulfill the goal outside of car purchases. Therefore Houston Airport System will set the ACDBE Goals for Car Rentals at 1.0% for IAH and 1.0% for HOU

The resulting ACDBE Car Rental goals for Intercontinental and Hobby Airports are 1.0% and 1.0%, respectively.

Stakeholder Input

Section 23.43 requires the solicitation of input from ACDBE program stakeholders before submission of overall goals to the FAA. Two informational meetings were held to allow stakeholders and interested parties an opportunity to attend. The purpose of the meetings was to inform attendees of the changes to the Concessions Rule in 49 CFR Part 23; describe the ACDBE goal setting process; and to see if any stakeholders had information concerning the availability of disadvantaged businesses, the effects of discrimination on opportunities for ACDBEs, and the City's efforts to increase participation of ACDBEs. The list of invitees/attendees, agenda, questions & comments and our stakeholders meeting advertisement are presented in the following attachments.