



Alaska Department of Transportation & Public Facilities Airport Concessionaire Disadvantaged Business Enterprise Goal Methodology

TED STEVENS ANCHORAGE INTERNATIONAL AIRPORT

FFY2021 – FFY2023

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As a Federal Aviation Administration (FAA) grant recipient, the Alaska Department of Transportation & Public Facilities (Alaska DOT&PF) must establish two separate overall Airport Concessionaire Disadvantaged Business Enterprise (ACDBE) goals for applicable airports. The first goal is for non-car rental concessions; the second is for car rental concessions. Applicable airports are primary airports that meet the criteria set forth under 49 CFR Part 23.41(b). Ted Stevens Anchorage International Airport (ANC) is a medium hub, primary airport that meets the criteria set forth 49 CFR Part 23.41(b), and therefore Alaska DOT&PF is required to establish overall ACDBE goals for ANC. This document establishes Alaska DOT&PFs overall ACDBE goals for ANC, effective for federal fiscal year (FFY) 2021 through FFY2023.

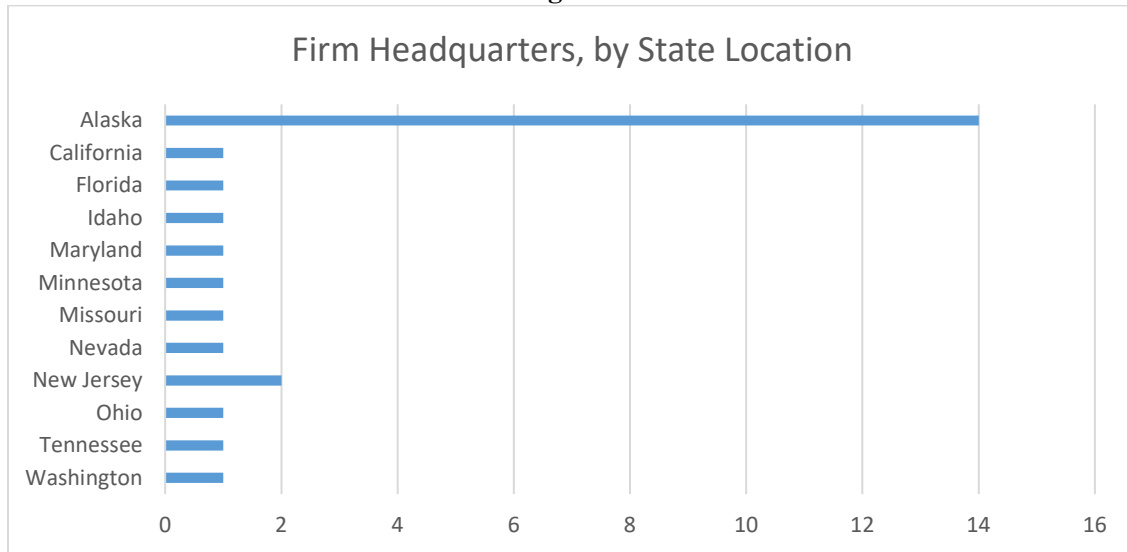
The objective of setting ACDBE goals is to estimate the percentage of total gross receipts for car rental operations, and total gross receipts for non-car rental operations that would be performed by ACDBEs in the absence of discrimination and its effects, based on demonstrable evidence of the availability of ACDBEs in the relevant market area. Alaska DOT&PF, in accordance with 49 CFR Part 23.51, used the following process to establish overall ACDBE goals for car rental and non-car rental concessions at ANC:

1. Establish the relevant market area.
2. Calculate the base in accordance with 49 CFR Part 23.47 and 49 CFR Part 23.49.
3. Determine a base figure for the relative availability of ACDBEs
4. Examine all relevant evidence reasonably available to determine what adjustments, if any, are needed to the base figure.
5. Determine the race-conscious/race-neutral split for the proposed ACDBE goals.

Relevant Market Area

Alaska DOT&PF began the goal-setting process by establishing the relevant market area. The relevant market area is defined in 49 CFR Part 23.51(b)(3) as the geographical area in which the substantial majority of firms which seek to do concessions business with the airport are located and the geographical area in which firms which receive the substantial majority of concessions-related revenues are located. To identify the relevant market area, Alaska DOT&PF reviewed internal data concerning the locations of current lease-holding firms operating at ANC. The following table illustrates the count of firms operating at ANC by headquarters location:

Figure 1



While some firms that are headquartered outside of Alaska are ready, willing, and able to bid on work at ANC, because the substantial majority of firms that operate at ANC are located in Alaska, the State of Alaska is the relevant market area for both car rental and non-car rental ACDBE goals.

Base of Non-Car Rental ACDBE Goal

To calculate the base of the goal, Alaska DOT&PF considered total gross receipts for FFY 2018 – 2022 and projected total gross receipts for FFY 2023 for non-car rental concessionaires, and the following table represents these numbers. The base for non-car rental concessions excludes gross receipts of car rental operations, and any portion of a firm’s estimated gross receipts that will not be generated from a concession. Additionally, management contracts or subcontracts with non-ACDBEs and the gross receipts of business activities to which a management or subcontract with a non-ACDBE pertains are not added to this base.¹. Projections are based on trends in non-car rental concessions at ANC, and an annual enplanement growth rate of 1.25%.

Figure 2

Fiscal Year	Non-Car Rental Concessions Revenue	Non- Car Rental Concessions Revenue- ACDBE	ACDBE Participation (%)
FFY2018	\$41,646,787.54	\$2,395,941.52	5.75%
FFY2019	\$44,183,137.47	\$2,537,462.47	5.74%
FFY2020	\$19,197,904.18	\$359,567.64	1.87%
FFY2021	\$31,386,831.59	\$678,994.56	2.16%
FFY2022	\$44,682,087.03	\$3,178,130.68	7.11%
FFY2023*	\$45,240,613.12	\$3,217,857.13	7.11%

*Projected Gross Receipts

¹ FFY2023 Gross receipts for non-car rental concessions are projections. Current data is compiled and submitted annually to FAA on March 1.

Concessions opportunities are not expected to impact projected gross receipts and projected non car rental ACDBE participation. If a new concession opportunity arises prior to the end of this goal period and the estimated average of annual gross revenues are anticipated to be \$200,000 or greater, the ANC 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. (23.45(i))

Step 1 Base Figure for Non-Car Rental Concessions

To establish a step 1 base figure for the relative availability of non-car rental ACDBEs, Alaska DOT&PF considered data from the following sources:

- Alaska Unified Certifications Program (AUCP) DBE Directory: The AUCP DBE Directory contains detailed information on certified ACDBEs including ethnicity information and NAICS certifications. <https://dot.alaska.gov/cvlrts/directory.shtml>
- Census Bureau Data: The Census Bureau's County Business Pattern (CBP) database contains data regarding available firms by location and NAICS code. <https://www.census.gov/programs-surveys/cbp.html>
- Small Business Association (SBA) Dynamic Small Business Search (DSBS) database contains businesses that have self-certified as small, minority or woman owned, location, and NAICS Code: https://dsbs.sba.gov/search/dsp_dsbs.cfm

The following equation establishes the step one base figure for the relative availability of non-car rental ACDBEs:

$$\frac{\text{Ready, Willing, and Able Non – Car Rental ACDBEs in Relevant Market Area}}{\text{All Ready, Willing, and Able Non – Car Rental ACDBEs in Relevant Market Area}} = \text{Relative Availability of ACDBEs}$$

Alaska DOT&PF first examined current non-car rental airport concessionaires doing business at ANC, certified ACDBEs, and future concessionaire opportunities to identify applicable NAICS codes. Cross-referencing current ANC non-car rental concessionaires with the Alaska Department of Commerce, Community, and Economic Development's Corporations, Business, and Professional Licensing database yielded 16 unique primary NAICS codes for non-car rental concessionaires currently operating at ANC. Alaska DOT&PF then reviewed upcoming opportunities at ANC and the AUCP DBE Directory to supplement the list of applicable NAICS codes for non-car rental airport concessionaires. Through this process Alaska DOT&PF identified 16 unique NAICS codes applicable to airport concessionaires.

To determine the numerator, the AUCP DBE Directory, as well as the SBA DSBS were consulted to identify ACDBEs and potential ACDBEs ready, willing, and able to perform work in applicable NAICS codes. There were minority and women-owned business enterprises (M/WBEs) that were listed in the SBA DSBS database that were not certified as DBEs. These M/WBEs, if certified, would raise relative ACDBE availability. However, no comprehensive data was available on how many of these M/WBEs could be certified as DBEs. For these reasons, the Alaska DOT&PF has based the Step One Base Figure on its current ACDBEs and not potential ACDBEs.

To determine the denominator for the calculation of relative availability of ACDBEs, the US Census Bureau's County Business Patterns Database was used to identify the number of firms in the relevant

market area that perform work in each of the applicable NAICS codes. The AUCP DBE Directory was used to determine the numerator. The following table details the results of this process:

Figure 3

NAICS Code	NAICS Description	Total ACDBEs	Total - All Firms	Relative Availability of ACDBEs
311999	All Other Misc. Food Manufacturing	0	3	0.00%
445132	Vending Machine Operators	0	5	0.00%
445292	Confectionery and Nut Retailers	0	3	0.00%
449210	Electronics and Appliance Retailers	0	37	0.00%
455219	All Other General Merchandise Retailers	1	57	1.75%
456130	Optical Goods Retailers	0	25	0.00%
459420	Gift, Novelty, and Souvenir Retailers	0	147	0.00%
459999	All Other Misc. Retailers	0	103	0.00%
512110	Motion Picture and Video Production	0	15	0.00%
522320	Financial Transactions Processing, Reserve, and Clearinghouse Activities	0	4	0.00%
525990	Other Financial Vehicles	0	15	0.00%
561210	Facilities Support Services	1	63	2%
561720	Janitorial Services	3	224	1.34%
722511	Full Service Restaurants	1	541	0.18%
722513	Limited-Service Restaurants	0	439	0.00%
812930	Parking Lots and Garages	0	9	0.00%
		6	1690	0.36%

$$\frac{\text{Ready, Willing, and Able Non Car Rental ACDBEs in Relevant Market Area}}{\text{All Ready, Willing, and Able Non Car Rental ACDBEs in Relevant Market Area}} = \frac{6}{1690} = 0.36\%$$

Step one of the goal-setting process yielded a base figure for the relative availability of non-car rental ACDBEs of 0.36%.

Step 2 Adjustments for Non-Car Rental Concessions

Alaska DOT&PF examined all relevant evidence reasonably available to determine what adjustments, if any, were needed to the base figure in order to arrive at the overall ACDBE goal for non-car rental concessionaires. The following evidence was considered:

2021 Alaska DOT&PF Disparity Study (The Disparity Study):

The Disparity Study contains a detailed availability and disparity analysis of vendors that participated in Alaska DOT&PFs construction related procurement activities for the period of October 1, 2014 through September 30, 2019 (FFY2015 – FFY2019).

The volume of work that non-car rental ACDBEs have performed at ANC in recent years:

Alaska DOT&PF reviewed past non-car rental ACDBE participation at ANC to determine whether an adjustment to the base figure is necessary to arrive at an overall goal that reflects the non-car rental ACDBE participation that could be expected, absent the effects of discrimination. The non-car rental ACDBE past participation at ANC over the five most recent fiscal years is reflected in the following table:

Figure 4

Fiscal Year	Non- Car Rental Concessions Revenue- ACDBE	ACDBE Participation (%)
FFY2018	\$2,395,941.52	5.75%
FFY2019	\$2,537,462.47	5.74%
FFY2020	\$359,567.64	1.87%
FFY2021	\$678,994.56	2.16%
FFY2022	\$3,178,130.68	7.11%

Actual non-car rental ACDBE participation at ANC has exceeded the step one base figure over the five most recent fiscal years.

Current non-car rental ACDBE leaseholders at ANC:

Alaska DOT&PF reviewed current non-car rental ACDBE leases at ANC to identify any leases that are expected to expire during the triennial goal period. There were no ACDBE leases which expire during FFY2021-2023.

Based on the available evidence, Alaska DOT&PF has made an adjustment to account for both past and upcoming non-car rental concessions opportunities at ANC because the relative availability of ACDBEs in applicable NAICS codes is accounted for in the step one base figure. Based on current non-car rental ACDBE leaseholders at ANC and past ACDBE participation, Alaska DOT&PF determined that an upward adjustment to the base figure is necessary to accurately reflect the level of ACDBE participation that would be expected, absent the effects of discrimination. Alaska DOT&PF calculated the Step-One base figure and the median annual DBE utilization to arrive at a step two goal for non-car rental ACDBE participation of 3.05%.

$$\frac{.36\% + 5.74\%}{2} = 3.05\%$$

Step two of the goal-setting process yielded an overall ACDBE goal of 3.05% for non-car rental concessions at ANC.

Race-Conscious/Race-Neutral Split for Non-Car Rental Concessions

Alaska DOT&PF considered available evidence to determine the maximum portion of the overall ACDBE goal for non-car rental concessions that could reasonably be met through race-neutral means. The following evidence was considered in determining the race-conscious/race-neutral split:

- 2021 Alaska DOT&PF Disparity Study
- The volume of work that non-car rental ACDBEs have performed at ANC in recent years
- Current non-car rental ACDBE leaseholders at ANC

Though the Disparity Study's availability and disparity analyses focus on construction related procurements, it is worth noting that the Disparity Study did not find a strong factual predicate setting a race-conscious portion of the overall goals, and recommends using solely race-neutral measures to achieve those goals. Based on non-car rental ACDBE leaseholders at ANC and their projected gross receipts as reflected in Figure 2, Alaska DOT&PF expects to meet the proposed goal of 3.05% ACDBE participation for non-car rental concessions through entirely race-neutral means. Figure 4 shows non-car rental ACDBE participation at ANC from FFY2018-FFY2022, and during this period the overall non-car rental ACDBE participation at ANC was met through entirely race-neutral means. While Alaska DOT&PF has fell short of the goal at times, we performed outreach efforts to promote the ACDBE program and to encourage all potential ACDBEs to apply to the program. Through these efforts we have increased ACDBE participation; therefore, we are confident that our race-neutral measures are successful at ANC. Alaska DOT&PF expects the trend in race-neutral ACDBE participation at ANC to continue at a level that will allow for the overall non-car rental ACDBE goal to be met through entirely race-neutral means.

The overall ACDBE goal for non-car rental concessions is 3.05% to be met through the following means:

Race-Neutral: 3.05%

Race-Conscious: 0.00%

Base of Car Rental ACDBE Goal

The base for car rental concessions is the total gross receipts of car rental operations at ANC, and excludes gross receipts of other concessions in this base. To calculate the base, Alaska DOT&PF considered actual and projected car rental concessionaire revenues for FFY2021 - 2023. The following table presents actual gross receipts for FFY2021-2022, and projected gross receipts for FFY2023. Projections for the rental car market at ANC are based on an enplanement growth rate of 1.25% annually.

Figure 5

Fiscal Year	Car Rental Concessions Revenue	Car Rental Concessions Revenue- ACDBE	ACDBE Participation (%)
FFY2021	\$63,886,643.98	\$0.00	0.00%
FFY2022	\$84,878,241.50	\$0.00	0.00%
FFY2023	\$85,939,219.51	\$0.00	0.00%

Concessions opportunities are not expected to impact projected gross receipts and projected car rental ACDBE participation. If a new concession opportunity arises prior to the end of this goal period and the

estimated average of annual gross revenues are anticipated to be \$200,000 or greater, the ANC 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. (23.45(i))

Step 1 Base Figure for Car Rental Concessions

To establish a step 1 base figure for the relative availability of car rental ACDBEs, Alaska DOT&PF considered data from the following sources:

- Alaska Unified Certifications Program (AUCP) DBE Directory: The AUCP DBE Directory contains detailed information on certified ACDBEs including ethnicity information and NAICS certifications: <https://dot.alaska.gov/cvlrts/directory.shtml>
- The Census Bureau's County Business Pattern (CBP) database contains data regarding available firms by location and NAICS code: <https://www.census.gov/programs-surveys/cbp.html>
- Small Business Association (SBA) Dynamic Small Business Search (DSBS) database contains businesses that have self-certified as small, minority or woman owned, location, and NAICS Code: https://dsbs.sba.gov/search/dsp_dsbs.cfm

The following equation establishes the step one base figure for the relative availability of car rental ACDBEs:

$$\frac{\text{Ready, Willing, and Able Car Rental ACDBEs in Relevant Market Area}}{\text{All Ready, Willing, and Able Car Rental Firms in Relevant Market Area}} = \text{Relative Availability of ACDBEs}$$

Alaska DOT&PF surveyed current car rental airport concessionaires operating at ANC to identify applicable NAICS codes for goods and services that they procure. Cross-referencing current ANC car rental concessionaire opportunities with the Alaska Department of Commerce, Community, and Economic Development's Corporations, Business, and Professional Licensing database yielded five (5) unique primary NAICS codes for goods and services that car rental concessionaires procure.

To determine the denominator for the calculation of relative availability of ACDBEs, the US Census Bureau's County Business Patterns Database² was used to identify the number of firms in the relevant market area that perform work in each of the applicable NAICS codes.

To determine the numerator, the AUCP DBE Directory, as well as the SBA DSBS were used to identify ACDBEs and potential ACDBEs ready, willing, and able to perform work in applicable NAICS codes. There were minority and women-owned business enterprises (M/WBEs) that were listed in the SBA DSBS database that were not certified as DBEs. These M/WBEs, if certified, would raise relative ACDBE availability. However, no comprehensive data was available on how many of these M/WBEs could be certified as DBEs. For these reasons, the Alaska DOT&PF has based the Step One Base Figure on its current ACDBEs and not potential ACDBEs. The following table details the results of this process:

² U.S. Census Bureau (2020). County Business Patterns. Retrieved from [\[https://data.census.gov/table?q=CBP2020.CB2000CBP&g=040XX00US02&n=N0600.00\]](https://data.census.gov/table?q=CBP2020.CB2000CBP&g=040XX00US02&n=N0600.00).

Figure 6

NAICS Codes	Concession Activity	# ACDBE Certified Firms	# Total Firms	% Availability
811111	Auto Repair	0	197	0.00%
423120	Auto Supplies	0	26	0.00%
524210	Insurance	0	184	0.00%
459410	Office Supplies	0	10	0.00%
561720	Janitorial Services	3	224	1.34%
	Total	3	641	0.47%

$$\frac{\text{Ready, Willing, and Able Car Rental ACDBEs in Relevant Market Area}}{\text{All Ready, Willing, and Able Car Rental ACDBEs in Relevant Market Area}} = \frac{3}{641} = 0.47\%$$

Step one of the goal-setting process yielded a base figure for the relative availability of car rental ACDBEs of 0.47%

Step 2 Adjustments for Car Rental Concessions

Alaska DOT&PF examined all relevant evidence reasonably available to determine what adjustments, if any, were needed to the base figure in order to arrive at the overall ACDBE goal for car rental concessionaires. The following evidence was considered:

2021 Alaska DOT&PF Disparity Study (2021 Disparity Study):

The Disparity Study contains a detailed availability and disparity analysis of vendors that participated in Alaska DOT&PFs construction related procurement activities for the period of October 1, 2014 to September 30, 2019 (FFY2015-FFY2019). For these activities the 2021 Disparity Study recommends that no Step-Two adjustments to the DBE goal should be made.³

The volume of work that car rental ACDBEs have performed at ANC in recent years:

Alaska DOT&PF reviewed past car rental ACDBE participation at ANC to determine whether an adjustment to the base figure is necessary to arrive at an overall goal that reflects the car rental ACDBE participation that could be expected, absent the effects of discrimination. The car rental ACDBE past participation at ANC over the five most recent fiscal years is reflected in the following table:

Figure 7

Fiscal Year	Car Rental ACDBE Concessions Revenue	ACDBE Participation (%)
FFY2018	\$0.00	0.00%
FFY2019	\$0.00	0.00%
FFY2020	\$0.00	0.00%
FFY2021	\$0.00	0.00%
FFY2022	\$0.00	0.00%

³ MGT Consulting Group, Alaska DOT&PF Disadvantaged Business Enterprise Disparity Study, Tallahassee, Florida 2021. Pg. J-4

Over the five most recent fiscal years there has been no ACDBE participation in car rental operations at ANC, which is largely in line with estimations of ACDBE availability in most applicable NAICS codes.

Calculating the Step-One base figure and the median annual DBE utilization yields a DBE availability estimate of 0.47%:

$$\frac{.47\% + 0\%}{2} = 0.24\%$$

Considering past ACDBE participation, Alaska DOT&PF determined an adjustment to the base figure is necessary to accurately reflect the level of ACDBE participation that would be expected, absent the effects of discrimination.

Based on the available evidence, Alaska DOT&PF made an adjustment to the step one goal and revised the base figure to 0.24%.

Step two of the goal-setting process yielded an overall ACDBE goal of 0.24% for car rental concessions at ANC.

Race-Conscious/Race-Neutral Split for Car Rental Concessions

Alaska DOT&PF considered available evidence to determine the maximum portion of the overall ACDBE goal for car rental concessions that could reasonably be met through race-neutral means. The following evidence was considered in determining the race-conscious/race-neutral split:

- 2021 Disparity Study
- The volume of work that car rental ACDBEs have performed at ANC in recent years
- Current goods and services procured by car rental concessionaires

Though the Disparity Study's availability and disparity analyses focus on construction related procurements, it is worth noting that the 2021 Disparity Study concluded that based on the level of non-goal M/W/DBE subcontractor participation, the statistical analysis in the study did not provide, "a strong factual predicate for across-the-board race- and gender-conscious DBE subcontractor goals or setting a race-conscious component of the annual DBE goal." ⁴

Alaska DOT&PF surveyed current car rental concessionaires to determine which type of goods and services that the firms procure, and most of the car rental concessionaires that responded stated that they utilize Janitorial Services (NAICS 561720). The Alaska DOT&PF reached out to certified firms to gauge their interest in performing Janitorial Services at ANC and we received positive responses from ACDBE firms that are certified in Janitorial Services. Even though the past participation of ACDBE in car rental concessions has been 0%, Alaska DOT&PF believes that we will be able to encourage participation of ACDBE firms by performing race neutral measures such as carrying out information and communications regarding contracting procedures and specific contract opportunities⁵ with ACDBEs and small businesses to promote contracting opportunities at ANC.

⁴ MGT Consulting Group, Alaska DOT&PF Disadvantaged Business Enterprise Disparity Study, Tallahassee, Florida 2021. Pg. 8-4.

⁵ 49 CFR 26.51(b)(4)

Alaska DOT&PF expects to meet the proposed goal of 0.24% ACDBE participation for car rental concessions through entirely race-neutral means. Figure 7 shows car rental ACDBE participation at ANC from FFY2018-FFY2022 and for the duration of this period there was no car rental ACDBE participation, which is reflective of the availability of ACDBEs in most applicable NAICS codes in the relevant market area to perform work.

The overall ACDBE goal for car rental concessions is 0.24%, to be met through the following means:

Race-Neutral: 0.24%

Race-Conscious: 0.00%

Public Participation & Consultation

In accordance with the requirements of 49 CFR Part 26.45, Alaska DOT&PF provided for consultation and publication of the proposed overall goal and race-conscious and race-neutral projections. The public comment period established was for April 3, 2023, to April 24, 2023. This step was conducted to obtain information concerning the availability of disadvantaged and non-disadvantaged businesses, the effects of discrimination on opportunities for DBEs, and the DBE program. Alaska DOT&PF utilized a two-step approach to obtain public comment. The Department first worked to raise awareness among interested stakeholders, then established a formalized process for stakeholders to submit comments. Email notification of the proposed DBE goal and instructions for submitting comments and feedback were sent April 3, 2023, and April 17, 2023 to DBE and non-DBE firms, as well as the following organizations:

- Associated General Contractors of Alaska (AGC)
- Minority Business Development Agency (MBDA)
- Procurement Technical Assistance Center (PTAC)
- Alaska Chambers of Commerce
- The Federation of Community Councils
- Alaska Small Business Development Center (SBDC)
- U.S. Small Business Administration (SBA)

The majority of comments received were obtained during a live session held on April 17, 2023. Summaries of the comments and questions received, as well as the Department's responses, are detailed below:

- Interest in the contents of the 2021 Disparity Study and where to find it.
 - Alaska DOT&PF explained the scope of the 2021 Disparity Study and provided links to where it is uploaded on the webpage.
- A question on how Alaska DOT&PF identifies evidence of discrimination.
 - Different categories of evidence were discussed, along with information from the 2021 Disparity Study.
- An inquiry on how the airport accomplishes monitoring requirements.
 - Responded that simple forms are utilized and will provide contact for those.
- Questions about the communication and approval process between the FAA, Civil Rights Office, and ANC.
 - Described the communication pathway between the entities and explained that the timeline can be variable.

- A question about the time frame for this goal methodology.
 - The time frame for this goal methodology is FFY 2021–2023. This should have been completed previously but is now in the process to be submitted.
- An inquiry regarding how race-neutral or race-conscious goals are set and met if not through set aside or quotas.
 - Described what set aside and quotas are, and how the goals are applied. Also explained how the race-neutral and race-conscious split is tailored to the specific situation to correct for the evidence of discrimination.
- A comment from a car rental regarding a lack of certified ACDBEs in services utilized by their business making it impossible for them to participate towards the goal.
 - Collected a list of services they use so that additional ACDBEs may be able to be recruited for work with the car rental companies.

Upon review, DOT&PF determined that revisions to the Goal Methodology were not required. Alaska DOT&PF will continue to register new ACDBEs and do outreach in an effort to provide more options to its concessionaires.