

Port of Portland – Concessions DBE Goals

Retail, Food & Beverage, Service Concessions

The Port of Portland's overall goal for Retail, Food & Beverage, and Service Concessions during the period beginning January 1, 2009 and ending 12/31/2011 is: 13.67% of the total gross receipts for concessions at Portland 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.

The concession opportunities anticipated during this goal period are: Retail, Services, Food & Beverage, and defined Services with estimated gross receipts of \$236,259,719 over the 3 year goal period. Given the uncertain economic conditions combined with the dynamics of airline industry, this projection assumes a 5% decrease for the second and third year. It also includes the addition of 4 new concessions (3 retail and 1 food & beverage) in FY09.

At this point in time, with the interest expressed in the retail opportunities and with the general concepts being considered, we anticipate that 1 of the 3 retail opportunities could be a DBE opportunity. 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, Port of Portland will submit an appropriate adjustment to the overall goal.

The Port of Portland has determined that its market area is businesses that register as potential Port suppliers and concessionaires on the Port of Portland online registration location on the Port of Portland website. The Port of Portland requires businesses interested in competing for Port business opportunities to register on this website as an indication that the businesses are ready, willing and able to compete for Port business opportunities. Once registered, the businesses are identifiable in an online data base called the Port Supplier Catalog.

Methodology used to Calculate Overall Goal

Step 1:

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

$$\text{Base figure} = \frac{\text{Concession ACDBEs registered on the Port website}}{\text{All concessionaires registered on the Port website}}$$

The data source or demonstrable evidence used to derive the numerator was the Port of Portland Supplier Catalog. When a company registers as a potential supplier, it becomes eligible to receive automatic e-mail notifications of business opportunities that match the company's capabilities. E-mail notices will be sent as soon as an opportunity is posted to the Port's Web site. The company can then review the opportunity and, in most cases, immediately download the solicitation document. Port staff routinely advises individuals who inquire about potential retail, food and beverage, or service concession opportunities at PDX to register on the Port's web site so that when an opportunity does become available, they will be among the first group automatically notified of the opportunity.

The data source or demonstrable evidence used to derive the denominator was the Port of Portland Supplier Catalog.

When we divided the numerator by the denominator we arrived at a base figure for our overall goal for retail, food & beverage and service concessions of: 13.27%

$$15 \text{ DBE} / 15 \text{ DBE} + 98 \text{ Non-DBE} = 15 / 113 = 13.27\%$$

Currently at PDX, 57 concessions are operated. Seven DBE businesses are involved in 16 current concession operations. One DBE operates 10 food and beverage concessions. One DBE operates 2 food and beverage operations. One DBE is a 10% joint venture partner in a retail operation. This equates to 26% based on the number of individual locations operated at PDX. When this same number of DBE operators are considered for availability based on legal business entity to concession site, the availability percent is 12.3%.

Projected gross sales for all concessions at PDX for fiscal year 2009 (October 2008-September 2009) is \$82,825,493.

Projected gross sales for DBE concessions at PDX for fiscal year 2009 (October 2008-September 2009) is \$12,566,900. (Since the fiscal year differs from our fiscal year (July-June) defining it eliminates any confusion)

Projected DBE participation, based on gross sales is 15.17%.

Step 2:

After calculating a base figure of the relative availability of ACDBEs, and a base figure in terms of projected gross sales, we selected the projected gross sales base figure as the step 1 base figure for the Port of Portland non car rental DBE

goal. We then examined evidence to determine what adjustment was needed to the selected base figure in order to arrive at the overall goal.

To determine if our overall goal for retail, food & beverage and service concessions should be adjusted we looked at past performance in concessions at Portland International Airport for the past 4 years.

| Fiscal Year | Past Performance |
|-------------|------------------|
| 2007 | 15.60% |
| 2006 | 11.95% |
| 2005 | 12.40% |
| 2004 | 10.00% |

The next step taken was to calculate the mean past performance. To do this, the past performance for fiscal years 2004, 2005, and 2006 are placed in numerical order and the middle number is selected.

| | | | |
|--------|--------|--------|--------|
| 2004 | 2005 | 2006 | 2007 |
| 10.00% | 11.95% | 12.40% | 15.60% |

$$11.95 + 12.40 / 2 = 12.18\%$$

To determine the adjusted DBE goal for retail, food & beverage and service concessions at the Port of Portland, the mean for past performance and the projected participation for fiscal year 09 were averaged.

$$(12.18 + 15.17 / 2) = 27.35 / 2 = 13.67\%$$

The DBE base projection will be adjusted based on past performance because this number reflects DBE participation based on gross receipts which is the basis of the Port DBE goal.

The ACDBE concession goal other than car rental for Portland International Airport is 13.67%.

Breakout of Estimated Race-Neutral & Race Conscious Participation

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

1. Locating and identifying ACDBEs and other small businesses who may be interested in participating as concessionaires under 49 CFR Part 23;
2. Notifying ACDBEs of concession opportunities and encouraging them to compete, when appropriate;
3. When practical, structuring concession activities so as to encourage and facilitate the participation of ACDBEs;

4. Providing technical assistance to ACDBEs in overcoming limitations, such as inability to obtain bonding or financing;
5. Ensuring that competitors for concession opportunities are informed during pre-solicitation meetings about how the sponsor's ACDBE program will affect the procurement process;
6. Providing information concerning the availability of ACDBE firms to competitors to assist them in obtaining ACDBE participation; and
7. Establishing a business development program (see 49 CFR Part 26.35); technical assistance program or taking other steps to foster ACDBE participation in concessions.
8. Facilitating on site quarterly meetings for existing DBE tenants to encourage sharing of information and resources.

We estimate that, in meeting our overall goal of 13.27%, we will obtain 100% from race-neutral participation and 0% through race-conscious measures.

If we project that race-neutral measures, standing alone, are not sufficient to meet an overall goal, we will use the following race-conscious measures to meet the overall goal: We will establish concession-specific goals for particular concession opportunities

In order to ensure that our 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; 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.

Car Rental Goal

The Port's overall goal for car rentals during the period beginning January 1, 2009 and ending December 31, 2011 is the following: 6.5% of the total purchases of goods and services by car rental concessions from DBE firms for use at Portland International Airport.

The opportunities anticipated during this goal period are goods and services purchased by car rental concessionaires with an estimated annual cost of \$158 million. If new goods and services supply opportunities arise prior to the end of

this goal period and the estimated purchases are anticipated to be \$200,000 or greater, the Port will submit an appropriate adjustment to the overall goal.

A Bid process to award new leases will be completed in the Fall of 2009. The new leases are expected to include improved DBE participation requirements which will be determined in a planning process that will be completed in preparing for the Bid process.

The Port of Portland has determined that the market area of businesses that could provide goods and services to PDX car rental concessionaires is both local and national based on accomplishment reports from car rental concessionaires in the past two years. Local goods and services include HVAC services, car wash, auto body and paint, fuel, paper shredding, and vehicle disposal. National goods and services include automobiles, office supplies, and software. To estimate the availability of goods and service providers to car rental companies, the Port uses the Port online supplier catalog. The Port owns a significant vehicle fleet therefore the Port purchases the same type of goods and services that are purchased by PDX car rental concessionaires.

Methodology used to Calculate Overall Goal

The DBE goal will be met through the purchase of goods and services used in car rental businesses at the airport.

Step 1:

We determined the base figure for the relative availability of DBE good and services suppliers.

The base figure was calculated as follows:

$$\text{Base figure} = \frac{13 \text{ ACDBE goods and services firms in Port supplier catalog}}{145 \text{ goods and services firms in Port supplier catalog}}$$

The data source or demonstrable evidence used to derive the numerator and the denominator was the Port of Portland Supplier Catalog.

When we divided the numerator by the denominator we arrived at the base figure for our overall goal for car rental concessions of: 9%

$$9\% = \frac{13 \text{ DBEs}}{13 \text{ DBEs} + 132 \text{ Non-DBEs}}$$

Step 2: Goal Adjustment

After calculating a base figure of the relative availability of DBEs, we considered whether an adjustment was needed to the base figure in order to arrive at the overall goal.

Past performance for fiscal years 06 and 07 was 0% and 13% respectively. The mean of past performance is calculated by taking the average of these 2 accomplishment percents.

$$\text{Mean} = (0\% + 13\% / 2) = 13\% / 2 = 6.5\%$$

Breakout of Estimated Race-Neutral & Race Conscious Participation

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

1. Locating and identifying DBEs and other small businesses who may be interested in participating as concessionaires under 49 CFR Part 23;
2. Notifying DBEs of concession opportunities and encouraging them to compete, when appropriate;
3. When practical, structuring concession activities so as to encourage and facilitate the participation of DBEs;
4. Providing technical assistance to DBEs in overcoming limitations, such as inability to obtain bonding or financing;
5. Ensuring that competitors for concession opportunities are informed during pre-solicitation meetings about how the sponsor's DBE program will affect the procurement process;
6. Providing information concerning the availability of DBE firms to competitors to assist them in obtaining DBE participation; and
7. Establishing a business development program (see 49 CFR Part 26.35); technical assistance program or taking other steps to foster DBE participation in concessions.

We estimate that, in meeting our overall goal of 6.5% we will obtain 5.5% from race-neutral participation and 1% through race-conscious measures. The current Port contract with car rental companies aspires for 15% goods and services purchases from DBE providers. 15% of 6.5% is 0.975. This number is rounded up to 1 to be the race-conscious portion of the goal.

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

Consultation with Stakeholders

To solicit consultation regarding our DBE Concession Plan, the goal is posted on the Port of Portland website, www.portofportland.com, Business Opportunities. Interested parties are invited to comment and are provided an email address for submitting comments regarding DBE availability, effects of discrimination on DBE opportunities, and the Port's efforts to solicit DBE participation. The goal will be adjusted if comments that warrant adjustment are received.

The Port is in process of conducting a disparity study which includes concessions. If the results of the disparity study warrant a goal adjustment, the revised goal will be submitted to FAA.

Summary

The DBE goal for non-car rental concessions, which includes Retail, Food & Beverage, and Service Concessions, for fiscal years 09, 10, and 11 is 13.67% of the total gross receipts for concessions at Portland International Airport. The DBE goal for car rental concessions for fiscal years 09, 10, and 11 is 6.5% of the total purchases of goods and services by the car rental concessionaires.