

**PORT OF OAKLAND
530 WATER STREET, OAKLAND, CALIFORNIA**

**AIRPORT CONCESSION DISADVANTAGED BUSINESS ENTERPRISE (ACDBE)
FEDERAL FISCAL YEARS (FFY) 2015-2017 OVERALL THREE-YEAR
GOAL AND METHODOLOGY REPORT FOR NON-CAR RENTAL CONCESSIONS
TO FEDERAL AVIATION ADMINISTRATION (FAA)**

The Port of Oakland (the “Port”) is pleased to submit this report outlining the Port’s overall ACDBE goal and the method of calculating the goal (the “Goal and Methodology Report”) in non-car rental airport concessions at Oakland International Airport (“OAK”).

The Port’s objective in setting a goal is to estimate the percentage of the gross receipts of concessions that would be performed by ACDBEs in the absence of discrimination (49 CFR Part 23 (the “Regulations”), Section 23.51). The Port is committed to achieving this goal through a race-neutral program as described in this Goal and Methodology Report under the “Race-Neutral Methods” section (page 6).

The method the Port used to calculate the overall goal is consistent with the Regulations Section 23.51. Step One is determining the ACDBE availability base figure (see Chart 2) derived from the California Unified Certification Program Database for ACDBEs and active participant lists from Oakland, San Francisco, Los Angeles, San Jose, and San Diego International Airports (page 5). In Step Two, the ACDBE availability base figure is adjusted by the median of OAK’s past three-year history of ACDBE participation level (see Chart 3). Based on the ACDBE availability, adjusted by past achievement of OAK, the Port proposes an overall ACDBE goal of 20.26%.

Finally, Regulation Section 23.51(d)(5) requires the Port to describe its utilization of a race-neutral program to reach the goal and the degree to which the program must be augmented by project specific race-conscious goals should the overall goal not be reached through race-neutral means alone. The Port’s stated goal in the ACDBE Program Plan is to “meet the goals to the maximum extent feasible through the race neutral measures”.

Port staff will carefully monitor the Port’s progress on a project-by-project basis. Based on the Port’s performance in reaching its overall goal at any time during the effective period of this program or within any particular type of concession opportunities (e.g. business services, etc.), the Port will not require race-conscious methods in any particular contract. This practice is consistent with 49 CFR Part 26.51(c), (see reference in the Regulations Section 23.51(d)(5)).

I. PROJECTED CONCESSION OPPORTUNITIES - NON-CAR RENTAL CONCESSIONS

The Port's FFY 2015-2017 non-car rental concession contracting opportunities are estimated to total **\$145,480,803** in gross receipts, as shown in Chart 1 by U.S. Census Bureau's North American Industry Classification System (NAICS) codes. The first column shows each type of concession opportunity of the entire concession program. Please note that security services are not included because the Regulations specifically exclude security contracts from the definition of concession opportunities. The last column represents a percentage of gross receipts estimated by concession opportunity type. The estimate reflects recent and mounting economic impacts. As of September 1, 2014, the Port anticipates enplanements to increase 2.4% for FFY 14-15, 15-16 and 16-17. These projections are reflected and noted in the Port's budget book materials. Concessions are estimated to increase accordingly and are reflected below in Chart 1.

CHART 1
TOTAL CONCESSIONS OPPORTUNITIES BY AREAS OF CONCESSION OPPORTUNITIES

Concession Contract / Management Agreement Opportunity	Actual	Actual	Actual	Total Estimated Gross Receipts of Contract / Total Value of Management Agreement			Percentage of Total Gross Receipts
				FFY12	FFY13	FFY14	FFY15
Food and Beverage	26,953,153	28,027,071	30,751,358	31,489,390	32,245,135	33,019,018	66.51%
Retail Shops	12,075,760	10,553,376	13,142,653	13,458,077	13,781,070	14,111,815	28.42%
Indoor / Display Advertising	560,192	938,064	791,180	810,168	829,612	849,523	1.71%
Telecommunications	36,240	19,998	15,056	15,417	15,787	16,165	0.03%
Business Services							0.00%
Luggage Carts & Lockers	376,054	442,181	358,514	367,118	375,928	384,950	0.78%
Parking		871,319	1,179,615	1,207,987	1,236,978	1,266,665	2.55%
Baggage							
Personal Services (Shoeshine)							
Total	40,001,399	40,852,009	46,238,376	47,348,157	48,484,510	49,648,136	100.00%
TOTAL 3 YEARS ESTIMATED GROSS RECEIPTS							\$145,480,803

II. GOAL METHODOLOGY - NON-CAR RENTAL CONCESSIONS

Step One: Determining the Base Figure of ACDBE Availability (23.51(c)) :

In establishing its base figure for the relative availability of ACDBEs in the Port's market area (which area is determined to be the State of California), the Port has used the following data:

1. California Unified Certification Program ACDBE Database,
2. Active Participants List for Concession Opportunities from: Oakland International Airport (OAK), San Francisco International Airport (SFO), Los Angeles World Airport (LAWA), Mineta San Jose International Airport (SJC), and San Diego International Airport (SAN), and
3. Available Concessionaries in Alameda and Contra Costa Counties.

The Port is basing the availability of ACDBE concession firms on the Active Participants List for Concession Opportunities from the airports enumerated above because each airport has available data for all of the concession industry types with opportunities for contracting within the FFY 2015-2017 period.

The Port is utilizing the CUCP ACDBE database, as this is the source database containing certified ACDBEs in California. It is worth noting that the CUCP has very few ACDBEs certified in its database, resulting in some cases in no certified ACDBEs listed in certain categories. The Port is increasing its outreach to potential ACDBEs as outlined later in the report.

As noted in the Active Participants List for Concession Opportunities, 126 firms expressed interest in participating in the food and beverage concession opportunities. Of the 126 firms, 8 were specifically identified as ACDBEs. Therefore, the ACDBEs willing and able to propose on concession contracts account for approximately **6.35%** of the food and beverage concession firms.

There were 112 firms that expressed interest in participating in the retail concession opportunities. Of the 112 firms, 2 were specifically identified as ACDBEs. Therefore, the ACDBEs willing and able to propose on concession contracts account for approximately **1.70%** of the retail concession firms.

There were 5 firms that expressed interest in participating in the advertising concession opportunities. Of the 5 firms, none were specifically identified as an ACDBE. Therefore, the ACDBEs willing and able to propose on concession contracts account for approximately **0%** of the indoor display advertising concession firms.

There were 5 firms that expressed interest in participating in the telecommunications concession opportunities. Of the 5 firms, 1 was specifically identified as ACDBEs. Therefore, the ACDBEs willing and able to propose on concession contracts account for approximately **20%** of the telecommunications concession firms.

There were 30 firms that expressed interest in participating in the business services concession opportunities. Of the 30 firms, none were specifically identified as ACDBEs. Therefore, the ACDBEs willing and able to propose on concession contracts account for approximately **0%** of the business services concession firms.

There were 4 firms that expressed interest in participating in the luggage carts and lockers concession opportunities. Of the 4 firms, none were specifically identified as ACDBEs. Therefore, the ACDBEs willing and able to propose on concession contracts account for approximately **0%** of the luggage carts and lockers concession firms.

There were 10 firms that expressed interest in participating in the parking concession opportunities. Of the 10 firms, 2 were specifically identified as an ACDBE. Therefore, the ACDBEs willing and able to propose on concession contracts account for approximately **20%** of the parking concession firms.

There were no firms expressing an interest in participating in the baggage concession opportunities. Therefore, the ACDBEs willing and able to propose on concession contracts account for approximately **0%** of the concession firms.

There were 5 firms that expressed interest in participating in the personal services as it relates to the shoeshine opportunities. Of the 5 firms, none were specifically identified as ACDBEs. Therefore, the ACDBEs willing and able to propose on shoeshine/personal services concession contracts account for approximately **0%** of the concession firms.

Chart 2 below shows the ACDBE availability for each concession opportunity type and availability weighted by the percentage that each concession opportunity represents of the entire concession program. From these, a total weighted availability is calculated.

CHART 2 **ACDBE AVAILABILITY BY CONCESSION OPPORTUNITY** **AND WEIGHTED AVAILABILITY**

Active Participants List (APL)	Concession Opportunity	Census / Active Participants List	UCP Database ACDBE	% ACDBE Availability	% of Estimated Gross Receipts per Concession Opportunity	Weighted Availability
APL	Food and Beverage	126	8	6.35%	66.51%	4.22%
APL	Retail Shops	112	2	1.70%	28.42%	0.48%
APL	Indoor / Display Advertising	5	0	0.00%	1.71%	0.00%
APL	Telecommunications	5	1	20.00%	0.03%	0.01%
APL	Business Services	30	0	0.00%	0.00%	0.00%
APL	Luggage Carts & Lockers	4	0	0.00%	0.78%	0.00%
APL	Parking	10	2	20.00%	2.55%	0.51%
APL	Baggage	0	0	0.00%	0.00%	0.00%
APL	Personal Services (Shoeshine)	5	0	0.00%	0.00%	0.00%
TOTAL WEIGHTED AVAILABILITY						5.22%

Based on the data above, the Port has calculated a **weighted ACDBE availability of 5.22%** to establish its base figure applicable to concession contracting opportunities.

Step Two: Adjusting the Base Figure

Section 23.51(d) of the Regulations requires that the base ACDBE availability figure calculated in Step One must be adjusted by all relevant evidence within the Port's jurisdiction of the need for adjustment. Factors for adjustment include (i) the volume of work ACDBEs have performed in recent years in the Port's concessions program, (ii) evidence from disparity studies conducted within the Port's jurisdiction and (iii) data on employment, education, training and union apprenticeship programs related to concessions opportunities (Section 23.51(d)(1)).

Adjustment by Past Port Participation

The Port's historical volume of ACDBE participation based on gross receipts in its concessions program provides relevant evidence for adjusting the base availability. For FFY 2012-2014, the Port had concessions with a higher median ACDBE participation than the base figure of **5.22%**. Chart 3 below shows the history of ACDBE participation in the Port's concessions programs for the past three federal fiscal years. The percentage of participation is shown as percentage of gross receipts, as required by the current Regulations.

**CHART 3
PORT MEDIAN ACDBE PARTICIPATION FOR PAST THREE FISCAL YEARS**

Federal Fiscal Year	Total Gross Receipts / Total Value of Management Agreement	ACDBE Gross Receipts	% of ACDBE Participation
FFY 11/12	40,001,399	7,919,267	19.80%
FFY 12/13	40,852,009	10,084,261	24.68%
FFY 13/14	46,238,376	10,939,199	23.66%
MEDIAN PAST ACDBE PARTICIPATION			23.66%

The median ACDBE participation for the past three federal fiscal years in OAK concessions is 23.66%. The average of the sum of the median ACDBE past participation of 23.66% and the current step one ACDBE availability of 5.22% equals 14.44% ($23.66\% + 5.22\%)/2=14.44\%$). Therefore, the Port proposes an initial adjustment to the base figure to 14.44%.

Other Factors

There has been no disparity study completed within the Port's jurisdiction relevant to the airport concessions. Nor has there been data on employment or training programs relevant to the OAK concessions that may be a factor in adjusting the base ACDBE availability at this time.

Consistent with methods approved by the FAA and used by the Port in past ACDBE programs under both Parts 23 and 26 of the Regulations, the Port determines whether race-conscious measures will be adopted to augment its race-neutral program based on past performance in achieving the overall goals. Chart 4 below shows the Port's performance measured against the adopted goals in each of the past three federal fiscal years. The Port has consistently met and exceeded its prior ACDBE goal of 16.89% through race neutral means for the last three federal fiscal years.

**CHART 4
PORT HISTORICAL ACDBE PARTICIPATION COMPARED TO GOAL FOR
PAST THREE FISCAL YEARS**

Federal Fiscal Year	ACDBE (Goal)	Percentage ACDBE Participation	Percentage Variance
FFY11-12	16.89%	19.80%	2.91%
FFY 12-13	16.89%	24.68%	7.79%
FFY 13-14	16.89%	23.66%	6.77%
Average Percentage Variance			5.82%

Therefore, the Port will further adjust its figure by adding the average percentage of race-neutral participation achieved over the established goal during the last three federal fiscal years and the adjusted base figure ($5.82 + 14.44\% = 20.26\%$). **The Port proposes an overall three-year goal of 20.26% for non-car rental concessions for FFYs 2015-2017.**

III. PUBLIC PARTICIPATION

The Port will publicly notice its goal to its stakeholders and the community through a 45-day advertisement period, allowing for inspection and comment, in addition to a DBE hotline where comments may be left.

IV. UTILIZATION OF RACE-NEUTRAL AND RACE CONSCIOUS METHODS - NON-CAR RENTAL CONCESSIONS

Consistent with the Port's policy, as stated in the Program Report, the Port intends to meet ACDBE participation goals entirely through race-neutral means.

Race-Neutral Methods

The Port has consistently implemented a race-neutral program to achieve ACDBE participation goals. The program consists of:

1. Structuring concession activities so as to encourage and facilitate the participation of ACDBEs when practical;
2. Ensuring that competitors for concession opportunities are informed during pre-solicitation meetings about how the Port's ACDBE Program is administered;
3. Providing technical assistance in orienting small businesses to concession and management opportunities at OAK through the Internet and facilitating introductions to the Port's and other U.S. DOT recipients' contracting activities, through various small business conferences, local chambers and trade associations (i.e. Hispanic Chamber, Black Caucus, Black Board of Trade and Commerce, and Asian Business Chamber), sponsored events and conferences, as well as monthly breakfasts and other outreach activities;
4. Providing outreach and communications programs on contract procedures and contract opportunities to ensure the inclusion of ACDBEs;
5. Ensuring the distribution of the California UCP Database to the widest feasible universe of potential concessionaires and management services contractors by listing the Caltrans website location in the RFPs/RFQs; and,
6. Providing business development assistance by way of referrals to other agencies' Owner Controlled Insurance Program, the East Bay Small Business Development Center and other assistance agencies.

Race Conscious Participation

The Port will not utilize any race conscious means of participation in achieving its goal.

Outreach Efforts

The following outreach activities are undertaken by specific staff to encourage ACDBE participation in all concession opportunities:

1. Lists of ACDBEs are available to potential prime concessionaires and provided at the time concession opportunities are identified and intended for bid.
2. Airport Properties staff maintain ongoing lists of interested concessionaires, both ACDBEs and non ACDBEs. These lists are utilized as part of outreach efforts for specific concession opportunities, i.e., food and beverage, retail, advertising, etc., and also provided to prime concessionaires seeking sub concessionaires.

3. Airport Properties staff advertise upcoming concession opportunities through aviation trade associations and organizations, i.e., AMAC, ACI, etc.
4. SRD staff conducts e-mail blasts to potential ACDBEs of upcoming concession opportunities as opportunities arise.
5. Director of Aviation and the ACDBE Liaison Officer promote ACDBE participation through regular community based organizations, trade associations and other relevant meetings throughout the year.
6. ACDBE Liaison Officer participates in ACDBE CUCP Cluster meetings once a month to discuss resolution of potential ACDBE certification issues, regulatory changes and best practices (data gathering methodologies, reporting).

LIST OF ATTACHMENTS

1. NAICS Codes and Titles
2. CUCP ACDBE Certified Firms
3. Active Participants List inclusive of Oakland, San Francisco, Los Angeles, San Jose, and San Diego International Airports

Due to volume and size of the documents for items listed above, attachments are not included but may be obtained for review by contacting Lila Zinn, Contract Compliance Supervisor, at Izinn@portoakland.com or (510) 627-1485.