

LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT



AIRPORT CONCESSIONS DISADVANTAGED BUSINESS ENTERPRISES (ACDBE) GOAL SETTING METHODOLOGY

**FEDERAL FISCAL YEARS
2021–2023**

NEW ORLEANS AVIATION BOARD (NOAB)
AIRPORT CONCESSIONS DISADVANTAGED BUSINESS ENTERPRISE (ACDBE) PROGRAM
Goal Setting Methodology and Calculations
Federal Fiscal Years 2021, 2022 and 2023
(October 1, 2020 to September 30, 2022)

GOAL OVERVIEW

The New Orleans Aviation Board (NOAB) proposes an overall Airport Concessions Disadvantaged Business Enterprise (ACDBE) Goal applicable to non-rental car concession opportunities anticipated for federal fiscal years beginning October 1, 2020, 2021, 2022 and ending on September 30, 2021, 2022 and 2023 respectively. The goal was developed in compliance with Federal Regulations set forth by 49 CFR Part 23, Subpart D. *The proposed overall ACDBE goal is 23.925%.*

CONCESSION OPPORTUNITIES

The airport's non-rental car concession opportunities are projected below. The Master Tenants have changed with the opening of the North Terminal.

Table 1: ACDBE CONCESSIONS OPPORTUNITY

RETAIL CATEGORY	MASTER TENANT	EST. \$ AMOUNT 2020
Food/Beverage	Chase North	\$11,059,871
	Café Du Monde	\$1,655,841
	HOST CEI KSL MSY	\$12,119,377
	Lucky Dogs	\$479,113
	Wine Bar @ MSY	\$98,970
Gift/Novelty/Souvenirs	Paradies Lagardere @ MSY II	\$6,532,784
	Fleurty Girl	\$659,524
	InMotion Stores	\$456,257
	NOLA Couture	\$211,486
	PGC MSY Venture	\$6,564,564
	The Club MSY	\$387,710
Advertising	Clear Channel	\$1,766,749
Luggage Carts	Smarte Carte	\$152,977
Vending Machines	Refreshment Solutions	\$109,911
	ACE Vending Solutions	\$12,212
Overall Retail Services	Estimated Total	\$42,267,346
Overall Goods/Services	Estimated Total	\$6,872,116

*Updates reflect 2020 FAA uniform reporting to reflect continued openings of North Terminal storefronts due to COVID-19 impacts. Internet/Wi-Fi, banking/ATM, and wine bar estimated amounts may be included in next update.

LOCAL MARKET AREA

Upon becoming a Certifying Agency in Louisiana's Unified Certification Program (UCP), all federal ACDBE goals are set based on the state's UCP registry as the overall source of ACDBE participation for airport concessions opportunities. While the airport may from time-to-time contract with concessionaires headquartered outside of the primary target market of metropolitan New Orleans, most of the participating ACDBEs are in fact headquartered in the local area, including the eight-parish region utilized by the US Census Bureau which includes Orleans (coterminous with the city of New Orleans), Jefferson, St. John the Baptist, St. James, St. Tammany, St. Bernard, St. Charles and Plaquemines parishes. The eight-parish MSA is the coverage area for the New Orleans International Airport, which is owned by the City of New Orleans and physically located in Jefferson and St. Charles Parishes. The New Orleans Metropolitan Statistical Area (MSA) is the defined Market Area for DBE goal setting. A significant proportion of all ACDBE joint venture partners and sub-tenant vendors operating at the airport have been based in the local area of metropolitan New Orleans. It is noted that approximately half of the ACDBEs listed on the airport's registry are headquartered outside of the metropolitan New Orleans area. Furthermore, federal and state regulations prohibit the use of local preferences in contracting opportunities.

NORTH AMERICAN INDUSTRY CLASSIFICATION SYSTEM (NAICS) CODE

In order to obtain an accurate count of ready, willing and able DBEs, each project was examined and its "scope of services" was detailed for the purpose of defining the products and services required for the ACDBE program. Each product/services was assigned a six digit North American Industry Classification System (NAICS) Code.

NAICS was developed jointly by the U.S., Canada, and Mexico to provide new comparability in statistics about business activity across North America. After identifying the NAICS codes, contracting dollars were estimated for each product or services based on the average reported concessions revenue as detailed below.

Table 2: ACDBE OPPORTUNITY BY NAICS

NAICS	RETAIL CATEGORY	EST. ANNUAL VALUE	EST. PERCENTAGE
722310	Food/Beverage	\$25,413,172	51.72%
453220	Gift/Novelty/Souvenirs	\$14,812,325	30.14%
541850	Advertising	\$1,766,749	3.60%
333924	Luggage Carts	\$152,977	0.31%
454210	Vending Machine	\$122,123	0.25%
	Goods/Services	\$6,872,116	13.98%
	Concessions Services Total	\$49,139,462	100.00%

Internet/Wi-Fi, banking/ATM, and wine bar estimated annual values and percentage may be included in next update.

READY, WILLING AND ABLE AIRPORT CONCESSIONS POOL

The Louisiana Unified Certification Program (LAUCP) is the basis of the airport's concessions DBE pool. The Louisiana Department of Transportation and Development (LADOTD) and the New Orleans Metropolitan Certifying Agency (NOMCA) – including the Louis Armstrong New Orleans International Airport – have been identified as agencies authorized to provide certification services in the State of Louisiana. For the purposes of this analysis, only ACDBEs' certified in Region 2 by the New Orleans Metropolitan Certifying Agency, which includes the Louis Armstrong New Orleans International Airport and the New Orleans Regional Transit Authority are considered as the vendor target market. For the purposes of this analysis, only DBEs' located in the eight-parish New Orleans MSA are considered as the vendor target market.

For NOAB's concessions program, 106 DBE firms have been identified including 33 retail services vendors and 73 goods and services vendors. The list of certified DBE contractors is compared to a more global list of businesses, segregated by NAICS Code. The U.S. Census Bureau's County Business Pattern (USCBP) database is used to determine the general market population of ready, willing businesses and revealed 771 retail vendors and 797 goods and services businesses as provided in the tables below (including categories to reported on in future updates, such as internet/Wi-Fi, banking/ATM, and wine bar, as well as the former concessions categories for parking, security and ground transportation).

Table 3: ACDBE CONCESSIONS POOL

NAICS	RETAIL SERVICES	LAUCP	US CENSUS CBP
722310	Food/Beverage	12	128
453220	Gift/Novelty/Souvenirs	10	119
812930	Parking*	1	85
541850	Advertising	5	10
333924	Luggage Carts	0	0
485310	Ground Transportation*	0	14
454210	Vending Machines	2	8
517919	Internet/Wi-Fi	1	5
522320	Banking/ATM	0	16
722410	Wine Bar	2	386
	Total	33	771
NAICS	GOODS & SERVICES	LAUCP	US CENSUS CBP
561720	Janitorial	39	226
561612	Security*	9	61
561320	Staffing	16	140
424130	Office Supplies	0	14
561710	Pest Control	4	77
541211	Financial Services	5	279
	Total	73	797

*Parking management has been brought in-house, and is no longer a concession. Ground Transportation contracts are no longer active. Security contracted changed in the transition to North Terminal concessions.

The Louisiana Unified Certification Program (LAUCP) is the basis of the airport's DBE pool. Additionally, the list of certified DBE contractors is compared to a more global list of businesses, segregated by NAICS Code. The U.S. County Business Pattern (USCBP) 2018 Economic Census data for the New Orleans MSA is used to determine the general market population of ready, willing and able businesses. Table 3 displays market availability for the trades represented in the federally funded contracting opportunities as detailed below.

The Base Figure calculation weighs the relative availability of ACDBE concessionaires to the relative amount of concessions businesses available for the total pool of businesses located in the metropolitan New Orleans area. Based on raw data, ACDBE-certified businesses represent 10.52% (including purchases of goods and services) of the total available businesses in the metropolitan New Orleans area

Table 4: BASE ACDBE FIGURE

NAICS	CATEGORY	EST. PERCENTAGE	LAUCP	US CENSUS CBP	BASE ACDBE Goal
722310	Food/Beverage	51.72%	12	128	0.04848375
453220	Gift/Novelty/Souvenirs	30.14%	10	119	0.025330252
541850	Advertising	3.60%	5	10	0.017975
333924	Luggage Carts	0.31%	0	0	
454210	Vending Machines	0.25%	2	8	0.0006225
	Goods/Services	13.99%	73	797	0.012809348
	Total	100.00%	102	1062	0.10522085
	Base Goal				10.52%

BASE FIGURE ADJUSTMENTS

After calculating the Base Figure of 10.52%, it was determined that this rate of participation is inconsistent with historical data and that adjustments to the Base Figure are warranted. To ensure that the goals for the NOAB truly reflect the participation expected absent to effects of discrimination, this methodology goes beyond the raw formula derived by comparing databases and factors other subjective considerations including past DBE participation and disparity studies as detailed in the following sections.

HISTORICAL ACDBE PERFORMANCE

For the purpose of this analysis, adjustments were made based primarily on the historical ACDBE participation accomplishment as detailed below.

Table 5: HISTORICAL ACDBE PARTICIPATION

FISCAL YEAR	GOAL	ACCOMPLISHMENT	RACE NEUTRAL
Fiscal Year 2011 - 2012 (FY 2012)	23.35%	48.16%	24.81%
Fiscal Year 2012 - 2013 (FY 2013)	23.35%	39.05%	15.70%
Fiscal Year 2013 - 2014 (FY 2014)	23.35%	39.11%	15.76%
Fiscal Year 2014 - 2015 (FY 2015)	32.02%	34.02%	2.00%
Fiscal Year 2015 - 2016 (FY 2016)	32.02%	35.42%	3.40%
Fiscal Year 2016 - 2017 (FY 2017)	32.02%	37.82%	5.80%
Fiscal Year 2017 - 2018 (FY 2018)	32.54%	36.83%	4.29%
Fiscal Year 2018 - 2019 (FY 2019)	23.93%	38.05%	14.12%
Fiscal Year 2019 - 2020 (FY 2020)	23.19%	27.47%	4.28%
	Average	37.33%	10.02%
	Median	37.82%	7.91%

Over the past nine completed fiscal years the average ACDBE participation is 37.33%, exceeding the ACDBE each year and resulting in average race-neutral participation of 10.02%. The ACDBE goal variance is indicative of several factors over the past years. The most obvious cause of the variance is the post-Katrina economic boom the city experienced as rebuilding funding poured into the city from both public and private sources. As well, the economic growth of the city was coupled with resurgence in tourism and convention activity as major events such as the Jazz and Heritage Festival, the French Quarter Festival, the Essence Festival and the post-Katrina return of sporting events. As such, as a destination airport, LANOIA experienced significant activity over the past five years.

OTHER ADJUSTMENT FACTORS CONSIDERED

Disparity Studies

The airport has inquired about the availability of disparity study data for the New Orleans area and the state of Louisiana from other like-funded agencies such as the Louisiana Department of Transportation and Development (LaDOTD) as well as from other local and regional airports. There are no studies currently available and none conducted within the last seven (7) years for any LADOT or US Department of Transportation (USDOT) assisted agencies in the state. The City of New Orleans recently completed a disparity study, which looks at City funded procurement activity and also at the broader public and private sector marketplace, made available in 2018. The study does not look at FAA funded activity or any USDOT funded programs.

Use of Race Neutral Means

Historically, the NOAB achieved ACDBE participation through the use of race-conscious means – contract goals. Establishing contract goals will continue to be used to meet any portion of the overall goal the NOAB does not project being able to meet using race-neutral means. Given the past three (3) year history of ACDBE participation, contract goals will likely continue as a means of encouraging concessionaire

opportunities. However, contract goals need not be established on every such contract, the size of contract goals will be adapted to the circumstances of each such contract (e.g., type of product or service and the availability of ACDBEs to provide the particular type of product or service).

The NOAB will endeavor to create a contracting environment that facilitates the ACDBE goal through race-neutral means. The following race-neutral measures will be taken to increase ACDBE participation:

1. Encourage master concessionaires to structure concession opportunities to foster and facilitate the participation of ACDBEs when practical.
2. Identify opportunities for technical assistance to ACDBE firms; including assisting with back-office, financial and marketing services.
3. Identify education and training programs to encourage an expansion of services, which are offered to ACDBEs and small businesses.
4. Ensure that the ACDBE website is updated with available opportunities for ACDBE-owned and other small business firms in the community.
5. Utilize emerging technology to include the ACDBE directory in the DBE office's web site.
6. Identify opportunities for business development assistance through financing and loan guarantee programs with local banks and lending organizations.

In order to ensure that the ACDBE program is narrowly tailored to overcome the effects of discrimination, the airport will continue to track and report race-neutral and race-conscious ACDBE participation. For reporting purposes, race-neutral ACDBE participation includes, but is not limited to, the following: ACDBE participation through a master concessions lease, where ACDBE participation is obtained through customary competitive procurement procedures; ACDBE participation on a sublease that exceeds the stated contract goal; and ACDBE participation through a sub-lease from a master concessionaire that did not consider a firm's ACDBE status in the lease.

PUBLIC PARTICIPATION AND CONSULTATION

The involvement of interested community and business stakeholders is the ultimate measure to gauge the fairness and effectiveness of ACDBE participation goals. LANOIA is currently and will continue to consult with relevant stakeholders including, but not limited to the following: the New Orleans Regional Black Chamber of Commerce, the New Orleans Hispanic and Asian Chambers of Commerce, the New Orleans Chamber of Commerce, minority and women's business groups, community organizations, trade associations, as well as currently certified disadvantaged businesses, and other officials or organizations which could be expected to have information concerning the availability of disadvantaged businesses, the effects of discrimination on opportunities for ACDBEs, and LANOIA's efforts to increase participation of ACDBEs.

A notice of the proposed, updated overall goal will be available to the public for 30 days following the date of the notice and comments regarding these documents will be accepted for 45 days after the date the notice is published. The public notice will indicate the location(s) where the updated goal can be reviewed and where comments can be transmitted. The notice will be published in the following publications:

1. *The New Orleans Advocate*
2. *NOLA.com*

3. *The New Orleans Tribune*
4. LANOIA Website: www.flymsy.com

Public stakeholder meetings on the goal will be scheduled and announced for November 7, 2021 (11:00AM CST) and November 21, 2021 (5:00PM CST), taking place virtually. Meeting information will be circulated and provided on the Airport's website.

ESTABLISHMENT OF THE FFYS 2021 - 2023 ACDBE GOAL

The base ACDBE goal calculated for FFYs 2021 - 2023 is 10.52%. However, given the airport's recent history of ACDBE participation and the positive impact of the economic boom the city has experienced and the development of the NOAB's new terminal, averaging the base goal with the performance for the past seven years appears to be the more accurate indication of the relative availability of ACDBEs in the local market to provide concession products and services at LANOIA.

In addition, the City of New Orleans recently contracted with an economic research firm to conduct a Disparity study, which was made available in 2018. Key findings from the study included:

- 44% percent of local businesses are available for City work are MBE/WBEs.
- MBE/WBEs might be expected to receive 41 percent of City contract dollars if there were a level playing field for minority- and women-owned firms.
- Analysis of the New Orleans marketplace suggests that there is not a level playing field for minority- and women-owned businesses.
- There is evidence of disparities for people of color and women in entry and advancement, business ownership, access to capital and business success.
- There are substantial disparities in the utilization of MBE/WBEs.
- There is qualitative evidence of discrimination against minority and female business owners.
- Without City action, there would be disparities in MBE/WBE utilization in City contracts.
- To avoid being a passive participant in marketplace discrimination, there is a need for City efforts to assist minority- and women-owned companies in its procurement."

These factors were considered, leading to a determination not to make further adjustments to the base goal based on the future pipeline as well as the historic performance, given promising evidence of ongoing and future capacity for inclusion of minority and small businesses at MSY. ***Therefore, the airport's adjusted DBE goal is proposed at 23.925% for federal fiscal years 2021 through 2023. Moreover, continued use of Race Conscious (contract goals) means is recommended through FY 2023.***

ACDBE GOAL CALCULATION

The base DBE goal calculated for 2021 – 2023 is 10.52%.
The average DBE participation is 37.33%.

The FY 2021 – 2023 DBE Goal is calculated using the following formula:

$$\{[(\text{Nine-Year Participation Average} + \text{FY 2021 Base Goal})/2 = \text{Adjusted DBE Goal}]\}$$

$$((10.52\% + 37.33\%) \text{ divided by } 2) = 23.925\%$$