

Section VII.

Summary of Utilization for SDCRAA Concessions

The Authority implements the Federal Airport Concessions Disadvantaged Business Enterprise (ACDBE) Program (49 CFR Part 23). SDCRAA's long-term master concessionaire — HMS Host — has taken steps to include certified ACDBEs as subtenants in the food and beverage and gifts and news concessions at the Airport. The Authority does not implement race- or gender-conscious programs related to any new concessions contracts or renewals. However, its contract with HMS Host includes provisions for ACDBE participation.

This section reviews the following information related to the Airport's concessions and ACDBE programs:

- A. Overview of airport concessions models;
- B. Analysis of SDCRAA concessions;
- C. Setting overall annual aspirational ACDBE goals in the future;
- D. Utilization of MBE/WBEs in Airport concessions; and
- E. Possible neutral remedies.

A. Overview of Airport Concessions Models

Aspects of the Authority's future implementation of the Federal ACDBE Program largely depend on the airport concessions model that it has in place. BBC reviewed the three management models that airports most commonly use for their concessions programs:

- 1. Prime model;
- 2. Developer model; and
- 3. Direct leasing model.¹

To date, the Authority has used a prime or master concessionaire model for most of its concessions.

¹ Note that airports do not always use a single model to manage their concessions program. Some airports — like the San Diego International Airport — use hybrid models in which they take different approaches to managing different parts of their concessions programs.

1. Prime model (e.g., San Diego International Airport, O’Hare International Airport – Chicago and JFK International – New York). Historically, many of the nation’s largest airports have used some form of a prime model to manage their concessions programs. In a prime model, an airport outsources the management of its concessions program to another firm — commonly referred to as the master concessionaire — that operates many of the concessions itself. Thus, the master concessionaire in a prime model generates the majority of its revenue from sales and pays the airport rent in the form of some percentage of that revenue. A potential advantage for airports using a prime model is that they are able to outsource concessions management responsibility to firms that have more experience operating concessions throughout the country or internationally.

The master concessionaire often sublets some locations to other firms, usually to make its overall program more attractive when competing for concessions opportunities. For example, the master concessionaire may sublet locations to diversify the types of concessions included in its program or to increase the overall participation of minority- and woman-owned firms in an airport’s concessions operations.

2. Developer model (e.g., Pittsburgh International Airport, Indianapolis International Airport and Philadelphia International Airport). Recently, a number of airports have moved from the traditional prime model for managing their concessions programs toward a developer model. In a developer model — as in a prime model — an airport outsources the management of its concessions program to a master concessionaire. However, the master concessionaire in a developer model does not operate any of the concessions itself. Instead, it sublets all of the concessions locations to other firms. Thus, the master concessionaire in a developer model generates the majority of its revenue from collecting tenants’ rent. A developer model may promote greater diversity in store concepts and more competition among potential subtenants than the prime model.

3. Direct lease model (e.g., San Francisco International Airport). Rather than outsourcing the management of their concessions program to a master concessionaire — as in a prime model or in a developer model — some airports maintain direct leases for all (or at least for most) of their concessions locations. In a direct lease model, the airport solicits bids directly from vendors for each concession and manages those concessions itself.

Like a developer model, a potential advantage of a direct lease model is that an airport’s concessions operate independently of one another, possibly resulting in a more diverse collection of concession types and more competition among firms. However, in contrast to a developer model, a direct lease model requires airports to manage their concessions programs themselves.

The model that the Authority uses to manage its concessions program and the model that it chooses to use in the future will have important implications for which elements of the Federal ACDBE Program it chooses to employ and how it does so.

B. Analysis of SDCRAA Concessions

Individual SDCRAA concessions fall into one of six types:

1. Food and beverage, which includes concessions that generate most of their revenue from selling food and beverage products (e.g., restaurants and bars);
2. Gifts and news, which includes concessions that generate most of their revenue from selling goods and publications (e.g., gift shops and bookstores);
3. Other services, which includes concessions that generate most of their revenue from services rendered (e.g., shoe care);
4. Advertising, which includes concessions that are related to selling advertising space within the Airport;
5. Parking, which includes concessions that are related to managing parking services at the Airport; and
6. Financial, which includes concessions that generate most of their revenue from financial services rendered (e.g., ATMs and currency exchange).

Types 1 and 2: Food and beverage and gifts and news concessions. At the time of this report (2009) and during the study period (January 1, 2003 through December 31, 2007), SDCRAA used a prime model to manage its food and beverage and gifts and news concessions. HMS host has a contract with the Authority to act as master concessionaire.² According to that contract, HMS Host is responsible for managing all food and beverage and gifts and news concessions and pays the Airport a monthly rental fee based on the gross revenue that those concessions generate. As is typical in a prime model, HMS Host operates many of the food and beverage and gifts and news concessions itself, but it also sublets a number of concessions to other firms who in turn operate those businesses.

SDCRAA's lease with HMS Host stipulates an aspirational MBE/WBE participation goal of 30 percent. That is, each year HMS Host attempts to generate 30 percent of its total gross revenue from minority- and female-owned concessions.³ The goal is aspirational and there are no consequences if HMS Host fails to meet it. Nevertheless, all of HMS Host's current subleases are with minority- and female-owned firms.

The Authority's current lease with HMS Host was awarded through public bid procedures in 1994 — when the Unified Port of San Diego operated the Airport — and expires in 2012. The Authority began operating San Diego International Airport in 2003 and inherited the Airport's lease with HMS Host. The Authority continues to honor the original lease and has not changed it in any way. Thus, the MBE/WBE participation goals for food and beverage and gifts and news concessions are still in place.

² HMS Host is a majority-owned firm.

³ SDCRAA calculates DBE participation separately for food and beverage and gifts and news concessions.

Types 3, 4, 5 and 6: Other services, advertising, parking and financial concessions.

SDCRAA uses a direct lease model to manage its other services, advertising, parking and financial concessions. The Authority awards a separate lease for the operation of each of those concessions. Those contracts are awarded through public selection procedures and are independent of one another.

C. Setting Overall Annual Aspirational ACDBE Goals in the Future

In January 2009, the Authority prepared an ACDBE goal for federal fiscal years 2009 through 2011 (i.e., October 1, 2008 through September 30, 2011). The Authority followed the process outlined in 49 CFR Part 23 for developing its overall aspirational goal for ACDBE participation.⁴

The overall aspirational goal for SDCRAA’s concessions program is 25 percent ACDBE participation for this period. The goal for Airport concessions is expressed as the percentage of gross concessions revenue that would be generated by ACDBEs in the absence of discrimination.⁵

BBC reviewed the process of establishing the FY 2009–FY 2011 overall aspirational goal and provides suggestions and additional information for setting the Airport’s FY 2012–FY 2014 goal. Analysis of the Airport’s goal occurs in two steps:

1. Calculating a “base figure” for the overall ACDBE goal; and
2. Considering possible “step 2 adjustments” to the base figure.

1. Setting a base figure. 49 CFR Section 23.51 provides examples of how airports can determine a base figure based on the relative availability of ACDBEs. One approved method is to divide the number of relevant firms in the pertinent ACDBE directory by the total number of business establishments available for such work. The U.S. Bureau of the Census prepares County Business Patterns data, which are referenced in 49 CFR Section 23.51 as one source of information for total available firms in the local marketplace.

Another approved method to examine relative ACDBE representation is to use an airport’s “Active Participants List.” An active participant list is a listing of firms that have participated or attempted to participate in an airport’s concessions in previous years. Neither the Authority nor HMS Host maintains a formal active participants list, although HMS Host keeps an informal file of some of the firms that have expressed interest in concessions opportunities at the Airport.

Because the Authority recently developed a three-year goal for ACDBE participation, the present analysis focuses on options for an enhanced goal-setting methodology for setting the Airport’s FFY 2012-2014 goal, beginning October 1, 2011.

⁴ The Federal ACDBE Program requires separate goals for car rental concessions. But because the Authority does not have on-site car rental concessions, it only applies the Federal ACDBE Program and sets an ACDBE goal for its non-car rental concessions.

⁵ 49 CFR Section 23.51

Categories of Airport concessions. When establishing a base figure for its overall aspirational ACDBE goal, the Authority analyzes possible ACDBE participation by category of concessions activity, and then weights the ACDBE goal estimates by the average annual volume of revenue under each category. That approach follows USDOT guidelines for goal setting and should be continued when the Airport establishes its three-year goal for FFY 2012-2014. Figure VII-1 shows the concessions categories that the study team examined and the estimated average annual revenue that those categories would generate. The Authority should update the information on average annual revenue of the concessions categories before calculating the base figure for the 2012-2014 ACDBE goal.

Figure VII-1.
Types of concessions considered
by SDCRAA in its FFY 2009-2011
ACDBE goal-setting

Source:
 San Diego County Regional Airport Authority, San Diego
 International Airport Lindbergh Field Proposed ACDBE
 Goal-Setting Methodology for Three-Year FFYs 2009-2011.

Category	Estimated average annual value (millions)
Food and beverage	\$52.9
Merchandise	25.6
In-terminal advertising	2.7
Luggage cart	0.9
Parking management	0.1
Telecommunications	0.1
Business services	0.1
Personal services	<u>0.1</u>
Total	\$83.4

Estimates of potential ACDBE participation by category. To determine a base figure for ACDBE participation across its concessions categories, the Airport reviewed the ACDBE goals in its long-term contracts and opportunities for ACDBE participation in contracts that will expire prior to the end of FFY 2011.

- **Long-term contracts.** The Authority has ongoing contracts during FFY 2009-2011 that specify ACDBE participation goals, establishing overall ACDBE goals for the time period. For the base figure for the FFY 2009-2011 ACDBE goal, the Airport determined that ACDBE participation for the following concessions would match the ACDBE goals specified in the contracts.
 - As described earlier in this section, the two master concessionaire contracts with HMS Host include ACDBE participation goals of 30 percent for both food and beverage and for gifts and news concessions.
 - There is a 15 percent goal for ACDBE participation in the advertising contract with the joint venture JCDecaux/Elizabeth Younger Agency.
 - The Airport Authority’s contract with Smarte Carte does not have a goal for ACDBE participation.

- **Use of information about certified ACDBEs and all business establishments for other categories.** The Authority used the ACDBE directory/County Business Patterns method of estimating relative ACDBE availability for other categories of its concessions to complete the analysis for its FFY 2009-2011 overall ACDBE goal. The estimate of total number of firms came from data for pertinent industry codes for San Diego County as reported in the most recent U.S. Bureau of the Census County Business Patterns data.

Possible improvements in determining a base figure in the future. The Authority's method for establishing an overall aspirational goal is acceptable based on the instructions contained in 49 CFR Part 23. BBC reviewed whether the Airport could improve its goal-setting method when establishing its base figure for an overall aspirational ACDBE goal for FFY 2012-2014. To do so, BBC considered:

- a. The relevant geographic market area for SDCRAA concessions;
- b. Advantages and disadvantages of using firms listed in the ACDBE directory and total establishments listed in County Business Patterns to determine a base figure; and
- c. The Airport's potential to develop an Active Participants List.

a. Relevant geographic market area. BBC's analysis of current concessionaires and how they obtained concessions opportunities at the Airport suggests that concessionaires either come from the San Diego area or from a national network of airport concessionaires.

- Some concessionaires are based in the San Diego area and expanded their local operations with new Airport locations (e.g., Nine Dragons, Incorporated).
- Other concessionaires expanded into SDCRAA after successfully operating similar concessions in other airports. For example, HMS Host, the master concessionaire at the Airport, recruited Casa Fenix Enterprises to take over an existing ACDBE concession at the Airport based on its experience operating concessions in Phoenix International Airport. Because of its experience as a master concessionaire at other airports, HMS Host is familiar with ACDBEs in different parts of the country.

The USDOT has recognized that the market area for many types of concessions could be nationwide, and has stated that it will explore whether USDOT should set national availability estimates for those concessions categories. BBC concludes from the USDOT guidance that individual airports should not attempt to establish national availability estimates at this time.

b. Use of certified ACDBEs and total firms in San Diego County (from County Business Patterns).

One of the approved methods for determining a base figure under 49 CFR Section 23.51 is to divide local ACDBEs in relevant subindustries by the total number of business establishments in the local area. 49 CFR Section 51 suggests the use of the ACDBE Directory for the count of ACDBEs and County Business Patterns data from the U.S. Bureau of the Census for the number of local business establishments. The Airport Authority used that method for estimating ACDBE representation among local telecommunications, business services, personal services and parking management firms.

Although the ACDBE/County Business Patterns is an approved method under 49 CFR Part 23, there are some disadvantages to that approach, as recognized by USDOT in its discussion of the final rule. The USDOT specifically points to the potential for under-representation of ACDBEs in directories, which could lead to base figure calculations that are unrealistically low. The USDOT suggests supplementing the count of ACDBEs through other means, including local MBE/WBE directories, lists of DBE-certified firms and trade association lists.

MBE/WBE firms that are not certified should be included. One of the factors behind the recommendation that airports should avoid relying heavily on the ACDBE/County Business Patterns method is that firms that could become – but are not yet – ACDBE-certified should be counted in the base figure analysis in order to fully respond to 49 CFR Part 23. The study team found that:

- When the master concessionaire first encouraged certain local minority- and women-owned firms to join the Airport’s concessions program as sub-tenants, few if any of those firms were already certified as ACDBEs. The minority- and women-owned subtenants later applied for ACDBE certification. Limiting the base figure analysis to currently certified ACDBEs would be inconsistent with how existing ACDBE concessionaires entered the Airport concessions program.
- Disadvantages of using ACDBE lists mirror those associated with examining lists of DBE-certified firms for goal-setting. BBC’s Availability Survey for SDCRAA indicated that only 24 percent of minority- and women-owned firms available for non-concession work at the Airport were DBE-certified.

Businesses included in the calculation should be ready, willing and able. A further potential disadvantage of the ACDBE directory/County Business Patterns approach is that the numerator in the calculation (ACDBE-certified firms within certain specializations) represents firms that have taken steps to pursue airport concessions (the principal reason to become ACDBE-certified), but the denominator includes all types of businesses whether or not they are ready, willing and able to perform airport concessions contracts. Because the denominator may be overbroad, the resulting percentage using that denominator may understate relative ACDBE availability.

Some concessions markets might be national. Finally, the ACDBE directory/County Business Patterns approach requires an airport to determine specific geographic market areas for each concessions category. BBC's analysis of SDCRAA concessions, and the USDOT's own discussion of this issue, suggests that some of those market areas may be national. Based on 49 CFR Part 23, it appears to be beyond the responsibility of any single airport to develop nationwide goals for a procurement category.

Although there is substantial evidence that reliance on lists of local certified ACDBEs would result in a base figure that may be too low, the Authority did not rely heavily on such lists to set its overall aspiration goal. Instead, its current overall three-year ACDBE goal is mostly based on goals in its continuing food and beverage, gift and news and advertising contracts. However, in future years the Authority may need more tools at its disposal to analyze the base figure for ACDBE participation.

c. Development of an Active Participants List. Analysis of firms on an airport's "Active Participants List" is also approved in 49 CFR Part 23 for establishing a base figure for ACDBE participation. Neither the Airport nor HMS Host currently maintains a formal "Active Participants List" pertaining to ACDBEs that have "participated or attempted to participate" in the airport concessions program in previous years.⁶ HMS Host maintains some notes and files containing promotional materials for some firms that have inquired about concessions opportunities in past years.

Airports that have emerging concessions opportunities are more active in communicating those opportunities and some maintain formal lists of firms interested in future concessions. SDCRAA should consider formally communicating possible concessions opportunities to firms that would potentially be interested in them, including developing a mechanism for registering firms to keep informed of those opportunities. Registration would ask firms to identify:

- Firm name and contact information;
- Whether the firm is minority- or women-owned (race/ethnicity/gender of ownership);
- Whether the firm is currently certified as an ACDBE, would consider becoming certified or has ever been denied ACDBE certification; and
- The specific types of available concessions opportunities;

The Airport's Active Participants List would be continuously updated with information from firms who express interest in specific types of SDCRAA concessions. USDOT approves of including firms that have run an airport concession or sought concessions contracts or leases in the past. USDOT also approves of airports using attendance lists from informational and outreach meetings about upcoming concessions opportunities. Firms presently involved in SDCRAA concessions would also be included in the list (per instructions in 49 CFR Part 23).

Both ACDBE and non-ACDBE firms would be included in the Active Participants List regardless of where they are located. BBC recommends that a firm's information on an Active Participants List should be valid for approximately three years, at which time the Airport should contact the business for updated company information and confirmation that they are still interested in SDCRAA concessions.

⁶ 49 CFR Section 23.51(c)(2).

Setting the base figure. When the Airport Authority prepares a new base figure analysis for its FFY 2012–2014 overall aspirational ACDBE goal, the base figure should be calculated by concessions category, and weighted by anticipated annual revenue, consistent with the Airport’s process for the FFY 2009-2011 ACDBE goal. Figure VII-2 presents a hypothetical example of that calculation.

- The numerator (column b) pertains to the number of firms for a concessions category that are owned by women or minorities and are either ACDBE-certified or could be ACDBE-certified. Minority- and women-owned firms that graduated from the ACDBE program or have been denied certification would not be included.
- The relative availability of current and potential ACDBEs for a concessions category (column d in the figure below) could be calculated by dividing the number of potential ACDBEs from the Active Participants List expressing interest and capabilities for that category (column b) by the total number of firms on the Active Participants List expressing interest and capabilities for that category (column c).
- To calculate the overall base figure across concessions categories, the Airport would multiply the relative availability of ACDBEs for each category (column d) by the estimated average annual revenue for the concession category (column e) to produce the potential average annual ACDBE revenue by category (column f). Those values would then be summed and then divided by the total estimated average annual revenue across concessions types (i.e., Total of column e).
- This hypothetical example only includes three concessions categories. The potential average annual ACDBE value is \$26 million across the three categories, which is 26 percent of the \$100 million estimated total annual value.

Figure VII-2.
Example of calculating the base figure for concessions using an Active Participants List

(a) Category	(b) Current and potential ACDBEs on Active Participants List	(c) Total firms on Active Participants List	(d) Percent of firms that are current or potential ACDBEs	(e) Estimated average annual revenue (millions)	(f) Potential average annual ACDBE revenue (millions)
Type 1	10	20	50%	\$30	\$15
Type 2	1	10	10%	30	3
Type 3	20	100	20%	<u>40</u>	<u>8</u>
Total				\$100	\$26
ADCBE value as a percent of total					26%

Note: Hypothetical example for non-car rental airport concessions.
Source: BBC Research & Consulting

2. Goal-setting for SDCRAA concessions— possible step 2 adjustment. After setting a base figure, the Authority must consider whether or not a “step 2” adjustment in the base figure is needed in determining the FFY 2012-2014 overall aspirational ACDBE goal. Overall, any step 2 adjustment should focus on accounting for the continuing effects of past discrimination. Regulations concerning the ACDBE base figure in 49 CFR Part 23 are similar to those related to calculating a base figure for the Federal DBE Program discussed in Section VI of this report (also see 49 CFR Part 26).

Per 49 CFR Part 23, in considering a step 2 adjustment, SDCRAA should consider:

- The current capacity of ACDBEs to perform work in the concessions program as measured by recent ACDBE participation in the Airport’s concessions program;
- Evidence that indicates the existence of barriers that affect the opportunities for ACDBEs to form, grow and compete. Such evidence could include:
 - Statistical disparities in the ability of ACDBEs to obtain the financing, bonding and insurance required to participate in airport concessions; and
 - Data on employment, self-employment, education, training and union apprenticeship programs suggesting that, after controlling for other factors, minority- and women-owned firms are less likely to participate in airport concessions than majority-owned firms.

BBC examined related information on food and beverage and clothing, gift and news businesses, areas of concessions that currently comprise 95 percent of the annual revenue of concessions at the Airport (see Figure VII-1). The following information may be useful when the Airport considers its ACDBE goal for FFY 2012 – 2014, along with more recent information available at that time, and also places the Airport’s 25 percent goal for ACDBE participation for FY 2009-2011 in context:

- In San Diego County, more than one-half of workers in the food and beverage and clothing/gift/news businesses are minorities or women, based on U.S. Census of Population data for 2000.⁷ Appendix H further examines those results.
- Minorities working in San Diego County food and beverage and clothing/gift/news businesses are less likely to be managers than non-minorities. (Women were equally likely to be managers as men, as discussed in Appendix H.)
- African Americans, Hispanic Americans and Native Americans working in the food and beverage and clothing/gift/news businesses are less likely to be business owners than non-minorities, after controlling for other factors. Women working in those fields are less likely to be business owners than men. Appendix H includes regression analyses of business ownership for those groups.

⁷ Although the dataset for business owners in 2007 from the U.S. Bureau of the Census American Community Survey is much smaller, results also show a large portion of San Diego County food and beverage and clothing/gift/news businesses are minority- or women-owned.

- On average, food and beverage and clothing/gift/news businesses owned by minorities and women have lower earnings than non-minority-owned firms and male-owned firms.
- Anecdotal evidence indicates that discrimination affects minority- and woman-owned business owners in Southern California (see Appendix J).

In sum, there is information that would suggest that current availability of minority- and woman-owned food and beverage and clothing/gift/news businesses for the Authority's concessions may be lower than it would be if there were no disparities in advancement and business ownership in the local industry and no disparities in access to business credit.

D. Utilization of MBE/WBEs in Airport Concessions

Considering the current utilization of minority- and woman-owned firms in the Airport's concessions program may be instructive in developing the Airport's concessions program in the future and setting its overall aspirational goal for FFY 2012 – 2014. BBC measured participation of minority- and woman-owned firms in SDCRAA's concessions program separately for each concession type. The study team used a similar method to compute MBE/WBE participation for food and beverage, gifts and news and other services concessions. However, it used different methods to compute MBE/WBE utilization for direct lease concessions, depending on the structure of their agreements with SDCRAA.

1. Methodology. Figures VII-3 through VII-8 display information about the concessions and firms included within food and beverage, gifts and news, other services, advertising, parking and financial concessions, respectively. The figures show the following information for each concession location during the study period:

- **Concession**, the name of the concession;
- **Firm**, the name of the firm that operated the concessions;
- **WBE**, whether the firm was white woman-owned;
- **MBE**, whether the firm was minority-owned;
- **Race/Ethnicity**, the owner's race/ethnicity (only for MBE firms); and
- **Annual gross revenue**, the gross revenue that the concession generated each year of the study period.

Food and beverage, gifts and news and other services concessions. BBC used a similar method to measure MBE/WBE participation in SDCRAA's concessions program for food and beverage, gifts and news and other services concessions. For each type, the study team examined MBE/WBE utilization by calculating the gross revenue that minority- and female-owned concessions generated within a particular concession type as a percentage of total gross revenue that all concessions generated within that type. For example, total gross revenue for food and beverage concessions in 2007 was approximately \$45 million and minority- and female-owned concessions generated approximately \$9 million of that revenue. Thus, MBE/WBE utilization for food and beverage concessions in 2007 was approximately 20 percent. Figure VII-3 displays firm information and annual gross revenue for food and beverage concessions.

Figure VII-3.
Airport food and beverage concessions

Concession	Firm	WBE	MBE	Race/ethnicity	Annual gross revenues (in thousands)				
					2003	2004	2005	2006	2007
America's Cup Bar	HMS Host	No	No		\$687	\$973	\$1,181	\$1,375	\$1,989
America's Cup Snack Bar	HMS Host	No	No		\$1,020	\$1,187	\$2,594	\$1,781	\$2,380
Arriba Bar	HMS Host	No	No		\$840	\$966	\$1,005	\$1,124	\$912
Boudin Bakery	HMS Host	No	No		-	-	\$664	\$616	\$560
CA Pizza Kitchen	HMS Host	No	No		\$1,311	\$1,634	\$2,014	\$2,168	\$2,341
Chili's Grab 'n Go	HMS Host	No	No		-	-	\$240	\$481	\$616
Cinnabon	HMS Host	No	No		\$355	\$307	\$312	\$282	\$262
Cramer's Deli	HMS Host	No	No		\$542	\$769	\$815	\$831	\$1,054
TCBY/Uno's	HMS Host	No	No		\$311	\$323	\$295	\$269	\$208
Gates 1&2 Far East	HMS Host	No	No		-	-	\$274	\$1,304	\$1,623
Galley	HMS Host	No	No		\$671	\$594	\$576	\$564	\$344
Home Turf	HMS Host	No	No		\$421	\$484	\$547	\$620	\$829
Karl Strauss - T2A	HMS Host	No	No		\$605	\$717	\$860	\$979	\$1,083
Karl Strauss Bar	HMS Host	No	No		\$1,398	\$1,760	\$1,794	\$1,814	\$2,038
Karl Strauss/Taco Bell	HMS Host	No	No		\$2,441	\$3,475	\$3,466	\$3,467	\$4,312
NFL Bar	HMS Host	No	No		\$740	\$794	\$906	\$1,099	\$1,192
NFL Snack Bar	HMS Host	No	No		\$1,763	\$1,688	\$1,912	\$1,864	\$2,084
Rubio's	HMS Host	No	No		\$1,312	\$1,432	\$1,363	\$1,396	\$1,376
Seaside Deli	HMS Host	No	No		\$401	\$369	-	-	-
Southwest Cart - Gate 1	HMS Host	No	No		\$171	\$70	-	-	-
Starbucks - 2nd Floor	HMS Host	No	No		\$1,383	\$1,825	\$1,980	\$2,134	\$2,555
Starbucks - Far East	HMS Host	No	No		\$476	\$499	\$518	\$578	\$436
Starbucks - Food Court	HMS Host	No	No		\$1,292	\$1,404	\$1,321	\$1,402	\$1,287
Starbucks - T2	HMS Host	No	No		\$841	\$972	\$1,228	\$1,431	\$1,837
Starbucks - United	HMS Host	No	No		-	\$967	\$1,758	\$2,124	\$2,504
Starbucks - WTA T2A	HMS Host	No	No		\$1,109	\$1,423	\$1,648	\$1,844	\$1,983
Top Gun Bar	HMS Host	No	No		\$477	\$431	\$324	\$333	\$213
La Salsa	Marco Garcia	No	Yes	Hispanic American	\$492	\$501	\$560	\$573	\$625
TCBY/Juice Works	Marco Garcia	No	Yes	Hispanic American	\$282	\$270	\$263	\$262	\$308
Commuter - FB	Nine Dragons	No	Yes	Asian-Pacific American	\$652	\$663	\$793	\$904	\$1,354
Kassianna	Nine Dragons	No	Yes	Asian-Pacific American	\$444	\$476	\$450	\$433	\$466
Naked Juice Bar	Nine Dragons	No	Yes	Asian-Pacific American	\$363	\$377	\$426	\$406	\$458
McDonald's - Far West	S. Chopra	No	Yes	Subcontinent Asian American	\$1,719	\$2,189	\$2,446	\$2,721	\$3,086
McDonald's - West	S. Chopra	No	Yes	Subcontinent Asian American	\$889	\$894	\$1,013	\$966	\$1,098
McDonald's East	S. Chopra	No	Yes	Subcontinent Asian American	\$1,664	\$1,805	\$1,759	\$1,841	\$1,836

Source: BBC Research & Consulting.

Figure VII-4 shows firm information and annual gross revenue for gifts and news concessions.

Figure VII-4.
Airport gifts and news concessions

Concession	Firm	WBE	MBE	Race/ethnicity	Annual gross revenues (in thousands)				
					2003	2004	2005	2006	2007
Author's Bookstore	HMS Host	No	No		\$759	\$962	\$1,098	\$1,214	\$1,235
Daily News/Gaslamp	HMS Host	No	No		\$2,982	\$3,394	\$3,307	\$3,533	\$3,999
Express Connection	HMS Host	No	No		-	-	\$339	\$1,005	\$1,159
Global News	HMS Host	No	No		\$1,275	\$1,324	\$1,109	\$1,075	\$929
News Exchange	HMS Host	No	No		\$816	\$762	\$740	\$815	\$687
News Connection	HMS Host	No	No		\$309	\$272	\$267	\$314	\$257
Sunglass Hut	HMS Host	No	No		\$199	\$151	\$17	-	-
Sunstyles	HMS Host	No	No		\$3,053	\$3,186	\$3,436	\$3,947	\$4,535
Water's Edge	HMS Host	No	No		\$1,259	\$1,173	\$1,184	\$1,157	\$1,110
San Diego Daily News	HMS Host	No	No		\$2,308	\$2,452	\$2,735	\$3,099	\$4,037
Express Bodycare	Casa Fenix	No	Yes	Hispanic American	\$124	\$267	\$351	\$388	\$384
Images of CA	Casa Fenix	No	Yes	Hispanic American	\$326	\$368	\$376	\$365	\$451
Commuter - GN	Nine Dragons	No	Yes	Asian-Pacific American	\$358	\$353	\$369	\$414	\$528
Los Regalos	Nine Dragons	No	Yes	Asian-Pacific American	\$927	\$880	\$770	\$794	\$789
Lobby Cart	Procurement Concepts	No	Yes	African American	\$244	\$178	\$189	\$202	\$180
Spirit of San Diego	Procurement Concepts	No	Yes	African American	\$438	\$534	\$576	\$576	\$726
Baja Books	Procurement Concepts	No	Yes	African American	\$628	\$629	\$671	\$671	\$628
Gifts, Etc.	Procurement Concepts	No	Yes	African American	\$1,880	\$2,067	\$2,114	\$2,635	\$2,791
See's East & Storage	Procurement Concepts	No	Yes	African American	\$395	\$395	\$414	\$423	\$503
See's Far West	Procurement Concepts	No	Yes	African American	\$465	\$523	\$596	\$598	\$709

Source: BBC Research & Consulting.

Figure VII-5 presents firm information and annual gross revenue for other services concessions.

Figure VII-5.
Airport other services concessions

Concession	Firm	WBE	MBE	Race/ethnicity	Annual gross revenues (in thousands)				
					2003	2004	2005	2006	2007
DVD Rentals	Project Horizon	No	No		\$324	\$271	\$50	-	-
Luggage Cart Rentals	Smarte Carte, Inc.	No	No		\$693	\$708	\$716	\$668	\$660
Payphones	Pacific Bell/SBC	No	No		\$148	\$146	\$130	\$96	\$79
Checkpoint Mailers	Airport Mailers, Inc.	Yes	No		-	-	\$30	\$27	\$14
Shoe Care	Johnny Ray Davis	No	Yes	African American	\$72	\$69	\$73	\$68	\$61

Source: BBC research & Consulting.

Advertising concessions. As shown in Figure VII-6, there were two advertising concessions at the Airport during the study period:

- In-terminal advertising, which managed the sales of advertising space within the Airport; and
- Security bin advertising, which managed the sales of advertising space at the bottom of security bins.

The Authority contracted with two separate majority-owned firms to operate those concessions — Gameday Media for in-terminal advertising and Security Point Media for security bin advertising. As with food and beverage, gifts and news and other services concessions, advertising concessions paid the Authority a fee to do business in the Airport based on its gross revenue. However, whereas those other concessions paid a rental fee that was typically less than 20 percent of their gross revenue, the two advertising concessions paid a fee that was approximately 50 percent of their gross revenue.

With respect to MBE/WBE participation, Gameday Media used an ACDBE subcontractor that helped manage SDCRAA’s advertising sales and received 15 percent of Gameday Media’s revenue. Security Point Media did not have any subcontractors and thus did not have any MBE/WBE participation.

To measure MBE/WBE utilization in advertising concessions, the study team examined gross revenue that could be attributed to Gameday Media’s ACDBE subcontractor as a percentage of total gross revenue that both Gameday Media and Security Point Media generated during the study period.

Figure VII-6.
Airport advertising concessions

Concession	Firm	WBE	MBE	Race/ethnicity	Annual gross revenues (in thousands)				
					2003	2004	2005	2006	2007
Security Bin Advertising	Security Point Media	No	No		-	-	-	-	\$63
In-terminal Advertising *	Gameday Media	No	No		\$1,617	\$1,525	\$1,621	\$1,779	\$1,701
In-terminal Advertising	Gameday Media - ACDBE	No	Yes	African American	\$285	\$269	\$286	\$314	\$300

Note: * In-terminal Advertising is listed in two rows, because there was a prime contractor and a subcontractor that operated the concession. One row provides information about Gameday Media, Inc. — the prime contractor — and the other row provides information about Gameday Media’s ACDBE subcontractor.

Source: BBC Research & Consulting.

Parking concessions. As shown in Figure VII-7, one firm — Lindbergh Parking, Inc. — managed all parking lot services at San Diego International Airport during the study period. SDCRAA’s contract with Lindbergh Parking was structured so that the firm generated parking revenue on behalf of the Airport and then received a monthly management fee based on those revenues plus incentive bonuses (as opposed to all other concessions, which paid the Airport rent).

With regard to MBE/WBE participation, Lindbergh Parking was African American-owned for most of the study period. However, in July 2007, a white male bought the firm and operated it for the remainder of the study period. Thus, to compute MBE/WBE utilization in parking concessions, the study team examined the gross fees that Lindbergh Parking received from SDCRAA when it was African American-owned as a percent of total gross fees that the firm received during the entire study period.⁸

**Figure VII-7.
Airport parking concessions**

Concession	Firm	WBE	MBE	Race/ethnicity	Annual gross fees (in thousands)				
					2003	2004	2005	2006	2007
Parking Services	Lindbergh Parking, Inc. - Majority	No	No		-	-	-	-	\$73
Parking Services *	Lindbergh Parking, Inc. - ACDBE	No	Yes	African American	\$163	\$82	\$101	\$92	\$53

Note: * Parking Services is listed in two rows, because the firm had two separate owners during the study period. One row provides information about the firm for the time that it was majority-owned, and the other row provides information about the firm when it was minority-owned.

Source: BBC Research & Consulting.

Financial concessions. As illustrated in Figure VII-8, there were two financial concessions at San Diego International Airport during the study period:

- Automated teller machines (ATMs); and
- A currency exchange.

Rather than paying SDCRAA a rental fee based on revenue, both financial concessions paid a flat monthly rent — Bank of America paid a rental fee of approximately \$101,000 per month for its ATMs and Travelex America, Inc. paid a rental fee of approximately \$1,000 per month to operate its currency exchange. Neither concession involved MBE/WBE participation.

**Figure VII-8.
Airport financial concessions**

Concession	Firm	WBE	MBE	Race/ethnicity	Monthly rent (in thousands)				
					2003	2004	2005	2006	2007
Bank of America ATMS	Bank of America	No	No		\$101	\$101	\$101	\$101	\$101
Currency Exchange	Travelex America, Inc.	No	No		\$10	\$10	\$10	\$10	\$10

Source: BBC Research & Consulting.

⁸ There are a total of four parking lots that service San Diego International Airport. Thus, the study team included the total management fees and bonuses from all four lots in its analysis.

2. MBE/WBE utilization. Figures VII-9 through VII-14 display information about the participation of minority- and woman-owned firms in food and beverage, gifts and news, other services, advertising, parking and all concessions (except financial). The figures show the following information for each concession type during the study period:

- **Firm status type**, the types of firms (e.g., majority-owned, minority-owned or white woman-owned) that may have participated;
- **Number of concessions**, the total number of concessions locations included within the firm status type;
- **Number of firms**, the total number of firms included within the firm status type;
- **Gross revenue**, the total gross revenue that concessions of the firm status type generated during the study period; and
- **Utilization**, the total gross revenue that concessions of the firm status type generated as a percent of the total gross revenue of all firms.

Food and beverage concessions. As shown in Figure VII-7, in total, food and beverage concessions generated over \$180 million during the study period. HMS Host generated the majority of that revenue with the concessions that they operated (79% of revenue), but it also sublet eight concessions locations to three MBE firms. Those MBE subtenants generated approximately 21 percent of total gross revenue during the study period. Note that two-thirds of the MBE revenue came from three concessions that were all operated by the same Subcontinent Asian-American-owned firm.

There was no WBE participation in food and beverage concessions during the study period.

Figure VII-9.
Airport food and beverage concessions – MBE/WBE utilization

Firm type	Number of concessions	Number of firms	Gross revenue (in thousands)	Utilization (percent)
MBE/WBE (subtenants)				
African American-owned	0	0	\$0	0.0 %
Asian-Pacific American-owned	3	1	8,665	4.8
Subcontinent Asian American-owned	3	1	25,926	14.3
Hispanic American-owned	2	1	4,137	2.3
Native American-owned	0	0	0	0.0
Total MBE	8	3	\$38,728	21.3 %
WBE (white woman-owned)	0	0	0	0.0
Total MBE/WBE	8	3	\$38,728	21.3 %
Total majority (HMS Host)	28	1	143,120	78.7
All firms	36	4	\$181,848	100.0 %

Source: BBC Research & Consulting.

Gifts and news concessions. As shown in Figure VII-10, in total, gifts and news concessions generated over \$108 million during the study period. As with food and beverage concessions, HMS Host generated most of the gifts and news revenue itself (69% of revenue). However, it sublet 10 concessions locations to three MBE firms. Those MBE subtenants accounted for nearly 31 percent of gifts and news revenue during the study period. The majority of the MBE revenue can be attributed to a single African American-owned firm that operated six concessions.

Like food and beverage concessions, there was no WBE participation in gifts and news concessions during the study period.

Figure VII-10.
Airport gifts and news concessions – MBE/WBE utilization

Firm type	Number of concessions	Number of firms	Gross revenue (in thousands)	Utilization (percent)
MBE/WBE (subtenants)				
African American-owned	6	1	\$23,578	21.8 %
Asian-Pacific American-owned	2	1	6,182	5.7
Subcontinent Asian American-owned	0	0	0	0.0
Hispanic American-owned	2	1	3,402	3.1
Native American-owned	0	0	0	0.0
Total MBE	10	3	\$33,162	30.7 %
WBE (white woman-owned)	0	0	0	0.0
Total MBE/WBE	10	3	\$33,162	30.7 %
Total majority (HMS Host)	10	1	74,977	69.3
All firms	20	4	\$108,140	100.0 %

Source: BBC Research & Consulting.

Other services concessions. As shown in Figure VII-11, in total, other services concessions generated more than \$5 million during the study period, and nearly 92 percent of that revenue came from majority-owned firms. Thus, MBE/WBE concessionaires generated 8 percent of other services revenue. A single African American-owned firm accounted for the vast majority of the MBE/WBE revenue (83 percent of MBE/WBE revenue), and a white woman-owned firm accounted for the remainder.

Figure VII-11.
Airport other services concessions – MBE/WBE utilization

Firm type	Number of concessions	Number of firms	Gross revenue (in thousands)	Utilization (percent)
MBE/WBE				
African American-owned	1	1	\$344	6.7 %
Asian-Pacific American-owned	0	0	0	0.0
Subcontinent Asian American-owned	0	0	0	0.0
Hispanic American-owned	0	0	0	0.0
Native American-owned	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
Total MBE	1	1	\$344	6.7 %
WBE (white woman-owned)	<u>1</u>	<u>1</u>	<u>71</u>	<u>1.4</u>
Total MBE/WBE	2	2	\$414	8.1 %
Total majority	<u>3</u>	<u>3</u>	<u>4,690</u>	<u>91.9</u>
All firms	5	5	\$5,104	100.0 %

Source: BBC Research & Consulting.

Advertising concessions. As shown in Figure VII-12, advertising concessions generated nearly \$10 million during the study period. Approximately 85 percent of that revenue can be attributed to two majority-owned firms. One of the firms — Gameday Media, Inc. — used an African American-owned subcontractor that generated nearly 15 percent of the revenue during the study period and accounted for all of the MBE/WBE participation in advertising concessions.

Figure VII-12.
Airport advertising concessions – MBE/WBE utilization

Firm type	Number of concessions	Number of firms	Gross revenue (in thousands)	Utilization (percent)
MBE/WBE				
African American-owned	1	1	\$1,455	14.9 %
Asian-Pacific American-owned	0	0	0	0.0
Subcontinent Asian American-owned	0	0	0	0.0
Hispanic American-owned	0	0	0	0.0
Native American-owned	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
Total MBE	1	1	\$1,455	14.9 %
WBE (white woman-owned)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
Total MBE/WBE	1	1	\$1,455	14.9 %
Total majority	<u>2</u>	<u>2</u>	<u>8,305</u>	<u>85.1</u>
All firms	3	3	\$9,760	100.0 %

Source: BBC Research & Consulting.

Parking concessions. As shown in Figure VII-13, in total, parking concessions generated nearly \$565,000 in management fees during the study period. Between January 2003 and June 2007, the managing firm — Lindbergh parking, Inc. — was African American-owned. Thus, the vast majority of parking concessions revenue (87%) can be attributed to MBE/WBE participation.

Figure VII-13.
Airport parking concessions – MBE/WBE utilization

Firm type	Number of concessions	Number of firms	Gross revenue (in thousands)	Utilization (percent)
MBE/WBE				
African American-owned	1	1	\$492	87.0 %
Asian-Pacific American-owned	0	0	0	0.0
Subcontinent Asian American-owned	0	0	0	0.0
Hispanic American-owned	0	0	0	0.0
Native American-owned	0	0	0	0.0
Total MBE	1	1	\$492	87.0 %
WBE (white woman-owned)	0	0	0	0.0
Total MBE/WBE	1	1	\$492	87.0 %
Total majority	1	1	73	13.0
All firms	2	2	\$565	100.0 %

Source: BBC Research & Consulting.

All concessions (except financial concessions). The study team also examined MBE/WBE utilization after combining gross revenue from all concession types other than financial concessions. As shown in Figure VII-14, in total, SDCRAA’s concessions program generated more than \$305 million during the study period. Majority-owned firms accounted for three-quarters (76%) of that revenue. Thus, MBE/WBE utilization for all concessions was approximately 24 percent during the study period.

More than two-thirds of MBE/WBE revenue can be attributed to four African American-owned firms and a Subcontinent Asian-owned firm (approximately 70% of MBE/WBE revenue, combined) and an additional 20 percent can be attributed to an Asian Pacific-owned firm. Note that WBE participation was minimal, as the only concession operated by a white woman-owned firm accounted for less than 1 percent of MBE/WBE revenue.

Figure VII-14.
All airport concessions – MBE/WBE utilization

Firm type	Number of concessions	Number of firms	Gross revenue (in thousands)	Utilization (percent)
MBE/WBE				
African American-owned	9	4	\$25,868	8.5 %
Asian-Pacific American-owned	5	1	14,847	4.9
Subcontinent Asian American-owned	3	1	25,926	8.5
Hispanic American-owned	4	2	7,539	2.5
Native American-owned	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
Total MBE	21	8	\$74,180	24.3 %
WBE (white woman-owned)	<u>1</u>	<u>1</u>	<u>71</u>	<u>0.0</u>
Total MBE/WBE	22	9	\$74,250	24.3 %
Total majority	<u>44</u>	<u>7</u>	<u>231,165</u>	<u>75.7</u>
All firms	66	16	\$305,417	100.0 %

Source: BBC Research & Consulting.

E. Possible Neutral Remedies

Regardless of the model that the Airport chooses, the Federal ACDBE Program requires that recipients of federal funds must maximize the use of race-neutral measures to encourage the participation of minority- and woman-owned firms before using race-conscious measures.⁹ The study team reviewed neutral remedies in five broad categories:

1. Business outreach and communication;
2. Technical assistance;
3. Finance assistance;
4. Improvements in contracting procedures; and
5. Data collection, tracking and reporting.

The foregoing categories incorporate the seven specific remedies that USDOT recommends in 49 CFR Part 23. Some of those measures may require changes in contracting procedures, and certain measures may also require additional resources. The measures BBC discusses below are examples of what the Airport might consider using as part of its ACDBE program and do not constitute an exhaustive list of all possible neutral remedies.

1. Business outreach and communication. Many small firms may be unaware of places to learn about concessions opportunities with SDCRAA and about the general procedures for bidding on and competing for those opportunities. Consistent with USDOT’s recommendations regarding a race-neutral ACDBE program, the study team suggests multiple outreach and communication strategies to improve small firms’ awareness of bid opportunities and procedures.

⁹ 49 CFR Part 23.25 (d)

Develop relationships with trade organizations. SDCRAA could make efforts to locate and identify small firms that may potentially be interested in Airport concessions opportunities. One way for the Airport to implement that measure would be to strengthen existing relationships and seek new relationships with local trade associations and professional organizations, particularly those that represent concessions-related industries and whose memberships include small firms and minority- and woman-owned firms (e.g., California Restaurant Association - San Diego and Food & Beverage Association of San Diego).

If the Airport uses a prime or developer model to manage its concessions program in the future, the master concessionaire's experience doing business with small concessionaires will help in identifying and reaching out to firms potentially interested in concessions opportunities.

Notice of opportunities. A number of contractors the study team interviewed indicated that they receive information about Airport bid opportunities through its website. In addition to providing information about contracting opportunities on its website, SDCRAA could also provide information about concessions opportunities and make efforts to educate small firms on how to locate and use that information.

In addition, should the Airport use a prime or developer model in the future, the master concessionaire could provide information about concessionaire opportunities on its own website and take steps to encourage small firms to compete for those opportunities.

2. Technical assistance. A number of small firms might find the amount of expertise required to operate concessions daunting, and some level of technical assistance could help those firms compete for concessions opportunities with the Airport. Many firms that the study team interviewed, including some concessionaires at the Airport, reported that a technical assistance program would be very beneficial to them (see Appendix J). The study team suggests that SDCRAA employ a technical assistance program that will teach potential and existing concessionaires about various aspects of operating concessions at the Airport.

Workshops and seminars. The Authority already hosts a number of workshops and seminars about various issues related to obtaining financing and bonding as part of its Bonding and Contract Financing Assistance Program. Hosting similar workshops that are directly related to operating concessions in the Airport could be beneficial to small firms seeking to be successful working as concessionaires with the Airport. Potential topics could include: personnel management, marketing, effective merchandising and improving business concepts.

Should the Airport use a prime or developer model for its concessions program in the future, the master concessionaire could lead these workshops and seminars and take steps to encourage existing and potential concessionaires to attend them.

One-on-one consultation. According to interviews that the study team conducted with Airport concessionaires, the Airport's current master concessionaire occasionally meets one-on-one with subtenants to discuss their businesses and offer advice and consultation. SDCRAA could continue to encourage those efforts and also ensure that one-on-one meetings take place on a more regular basis, both with existing concessionaires at the Airport and with small firms interested in becoming concessionaires.

3. Finance assistance. Small firms often find it more difficult to qualify for and obtain lines of credit. Most of the firms that the study team interviewed, including a number of concessionaires at the Airport, reported that there are a number of barriers related to financing that firms have to overcome in order to be successful. For example, an Airport concessionaire commented that concessionaires often have to pay high operating expenses, which make lines of credit particularly crucial to their line of business. The study team suggests that the Authority could increase its efforts to help mitigate the barriers that concessionaires face when trying to obtain loans.

Loan guarantees. As part of its Bonding and Contract Finance Assistance Program, the Authority offers finance guarantees on Airport construction projects for 50 percent of the value of the loan (up to \$750,000). The Authority should work with brokers and lenders with which it partners to extend similar offers to concessionaires, particularly because of the relatively high operating costs that they incur.

In addition, the Authority might extend its existing finance workshops to also address finance-related issues that directly affect concessions. For example, it could add workshops that are designed to teach concessionaires about how much it costs to operate a concession at the Airport and the requirements associated with obtaining loans and how to apply for them.

According to an interview that the study team conducted with the Airport's current master concessionaire, HMS Host used to offer financing that a number of the Airport's subtenants used. If the Airport uses a prime or developer model in the future, it could further explore the possibility of its master concessionaire offering financing in a similar way.

Joint venture contracting. The Authority could consider a program of financial incentives that encourages the development of joint venture relationships between more- and less-experienced concessionaires. Such relationships could provide small firms with the opportunity to operate concessions at the Airport in the context of a mutually beneficial business relationship. The joint venture program should include adequate oversight and evaluation procedures to ensure the satisfaction of participating firms and to ensure positive outcomes for the less-experienced firm.

According to interviews that the study team conducted with Airport concessionaires, the Airport's current master concessionaire has been proactive in developing joint venture relationships involving ACDBE firms. Moreover, the master concessionaire is currently mentoring an ACDBE firm at the Airport as part of a joint venture relationship. SDCRAA could continue to encourage those efforts and similar programs as part of its implementation of the ACDBE Program.

4. Improvements in contracting procedures. Several firms the study team interviewed, including some that operate concessions at the Airport, reported that many aspects of the Authority's contracting practices represent barriers to success. Characteristics of its contracting practices that interviewees criticized included:

- Large contract sizes;
- Restrictive requirements to bid and compete for contracts; and
- The Airport's ineffective administration of contracts.

The study team suggests a number of improvements to contracting procedures related to the Airport's concessions program that might substantially reduce barriers that concessionaires encounter.

Size of concessions. To encourage small firms to participate in its concessions, SDCRAA could establish more concessions opportunities that are smaller in size. Those opportunities would be more accessible to small firms, allowing a greater number of them to compete for concessions leases at the Airport. For example, the Airport currently has a food and beverage cart and a gifts and news cart as part of its concessions program. Increasing the number of such carts could result in greater interest from start-up firms.

If the Airport uses a prime or developer model to manage its concessions program in the future, it could work with the master concessionaire to determine the types of carts and terminal locations that are most appropriate for small concessionaires.

Increased oversight of concessions awards. Currently, the Airport uses a prime model to manage its concessions program. As part of that model, the master concessionaire selects concessions in the Airport and selects the firms that operate them. In an interview the study team conducted with the Airport's current master concessionaire, the master concessionaire indicated that there are few guidelines that the Airport puts forth with regard to concessions decisions.

The Airport could take a more active role in determining which concessions are part of its program and which concessionaires run those businesses. Having increased oversight and a documented set of guidelines could help the Airport and the master concessionaire make objective decisions about how the concessions program is run and could also help firms understand what it takes to be successful as a concessionaire at the Airport. Such a change might require the Airport to move away from using a prime model to manage its concessions program in the future and move toward using a direct lease model instead.

5. Data collection, tracking and reporting. Following the guidelines of 49 CFR Section 23, the study team highly recommends that SDCRAA work with the master concessionaire and improve its data collection, tracking and reporting requirements and procedures. The recommended improvements will ensure compliance with the letter and spirit of existing federal legislation and will inform and aid future adjustments to the Department's implementation of the Federal DBE Program.

As discussed in conjunction with future goal-setting for ACDBE concessions, the Authority could develop a database of firms that have expressed interest or submitted business concepts for concessions at the Airport (i.e. an active participants list). The database would include firm-specific information about each concessionaire that formally expresses interest in working in the Airport, even if the firm is not ultimately awarded a concession. At a minimum, the Authority should require that each firm that formally expresses interest in operating a concession at the Airport provides complete information about itself, including type of concession, firm location, race/ethnicity/gender of ownership, ACDBE status and annual gross revenue.