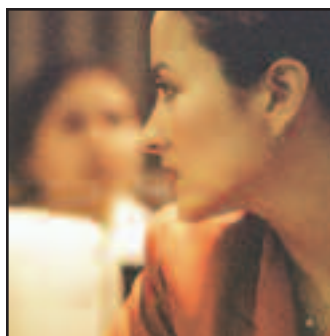
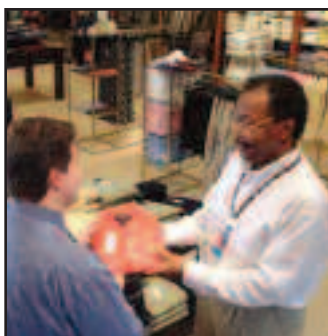
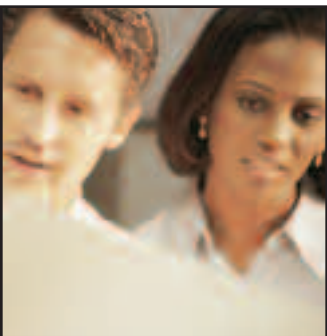




*Airports Council International – North America
Business Diversity Subcommittee
Presents*

An Orientation on Airport DBE Programs



The purpose of this report is to broaden the understanding of the federal DBE program and raise awareness of the benefits and advantages that the DBE program provides within the aviation industry. ACI-NA would like to recognize the leadership of the ACI-NA Business Diversity Subcommittee who dedicated numerous hours to researching and writing this report and had the foresight to recognize the place for such an advocacy piece in the aviation industry.

***2005 ACI-NA Business Diversity
Subcommittee Leadership***

Chair:

Lori Ballard, Business Diversity Manager,
Wayne County Airport Authority

Vice Chair:

Robert Silvas, Director Small Business Development,
San Diego County Regional Airport Authority

Airport At Large:

Anita Bellant, Small Business Liaison,
Minneapolis-St. Paul Metropolitan Airports Commission

Associates Representative:

Shauna Forsythe, President,
F/F/E Display Services

*Lauren Werner
Director
Economic Affairs & Member Services*

An Orientation on Airport DBE Programs

Table of Contents

I. Executive Summary	2
<hr/>	
II. The U.S. Airport System	3
Facts and Figures - U.S. Airport System	3
Growth Levels	3
Trends	4
<hr/>	
III. The DBE Program	4
Background	4
Legislation	6
Eligibility	7
Small Business Size Standards	7
<i>Part 26:</i>	7
<i>Part 23:</i>	7
Socially Disadvantaged	7
<i>Parts 23 & 26:</i>	7
Financially Disadvantaged	7
51% Ownership/Control	8
Airport Goals	9
Goal Achievement	9
Measurement of Success	10
Facts & Figures	10
Compare and Contrast to Other Industries	11
<hr/>	
IV. Airport Case Studies	12
San Francisco International Airport (SFO)	12
Dallas/Fort Worth International Airport (DFW)	13
<hr/>	
V. Conclusion	15

I. Executive Summary

The Inspector General of the U.S. Department of Transportation (DOT) was charged by the Appropriations Committee of the U.S. House of Representatives with examining firms certified under the DOT Disadvantaged Business Enterprise (DBE) program in New Orleans, LA and report on instances in which Federal DBE regulations may have been violated. The Committee's request arose from concerns regarding a series of newspaper articles about alleged problems in the local DBE programs. A negative perception of the DBE program was one result of the published report which accompanied the Fiscal Year 2003 Department of Transportation Appropriations Act (House Report No. 107-722) released November 7, 2003. This paper seeks to reduce any negative perception of the federal DBE program by highlighting the benefits and advantages of the DBE program within the aviation industry.

The Disadvantaged Business Enterprise program originally began in 1980 as a minority/women-owned business enterprise program under Title VI of the Civil Rights Act of 1964. The program is a tool used by the U.S. Department of Transportation to ensure that firms competing for DOT-assisted contracts are not disadvantaged by unlawful discrimination (49 CFR Parts 23 and 26, Feb. 2, 1999). The first statutory DBE provision was passed in 1983 and applied to small firms owned and controlled by minorities. In 1987, the program was expanded to include airports and women-owned firms. Currently, the DBE program is authorized by the Transportation Equity Act for the 21st Century (TEA-21).

Over the years the DBE program has endured numerous challenges. Two U.S. Supreme Court cases in particular had great impact on the program: City of Richmond v J.A. Croson (87-998) (1989) and Adarand Constructors, Inc. v Peña (93-1841), 515 U.S. 200 (1995). A ruling by the U.S. Supreme Court rendered in 1989 in Croson established the requirement that disparity studies be done prior to creating local minority/women business enterprise programs. The ruling in the Adarand case rendered in 1995 by the U.S. Supreme Court established the requirement that race conscious affirmative action programs must meet a "strict scrutiny" standard of review.

Several aspects of the Disadvantaged Business Enterprise program proved to be key in its survival:

- Goal-setting process based on the number of "ready, willing and able" DBEs in local markets
- Race Neutral measures to achieve DBE goals (i.e., measures intended to help all small businesses, not just DBEs)
- Personal net worth standard (\$750,000), which is a limit on the personal assets of a DBE certification applicant, not including the applicant's primary residence or the interest in the business being considered for DBE certification.

On April 21, 2005, the Final Rule concerning “Participation by DBEs in Airport Concessions”, 49 CFR Part 23, became effective. This final concessions rule incorporates the aspects from 49 CFR Part 26 that have withstood past legal challenges including the personal net worth standard.

The DBE program has faced many legal challenges and overcome them to remain a viable and useful tool for providing opportunities for small, minority and women-owned businesses in the areas of construction, professional services and concessions.



II. The U.S. Airport System

The United States has the world’s most extensive airport system. It accounts for approximately 30% of all commercial aviation and 50% of all general aviation activity in the world. The airport system

plays an essential role in facilitating commerce and national defense, as well as performing as a complex system for moving passengers and cargo, thus making airports crucial in the everyday operations of American society. As globalization continues to take hold, the competitiveness of American industry increasingly relies on airports and the aviation infrastructure. Economic growth at all levels (national, regional and local) depends upon the U.S. airport industry.

Facts and Figures - U.S. Airport System

- 19,576 total number of airports in 2004
- 383 Primary commercial service airports in 2004
 - 31 Large Hubs
 - 37 Medium Hubs
 - 68 Small Hubs
 - 247 Non Hub Primary
- 127 Non-Primary commercial service airports

Source: FAA Aerospace Forecasts: Fiscal Years 2005-2016, pg. 1-5.

It is estimated that in 2004, U.S. and foreign flag carriers combined transported a total of 134 million passengers between the U.S. and the rest of the world.¹

Growth Levels

Total U.S. scheduled passenger enplanements, estimated to be 688 million for 2004, is expected to increase to over 1 billion in 2016.² This represents a growth of over 300 million passenger enplanements, or approximately 44% in total system activity.

¹FAA Aerospace Forecasts: Fiscal Years 2005-2016. pg. 1-5.

²FAA Aerospace Forecasts: Fiscal Years 2005-2016. Table 9: US Commercial Air Carriers/Total Scheduled US Passenger Traffic.

³FAA Aerospace Forecasts: Fiscal Years 2005-2016. p III-22.

In 2004, the average domestic passenger trip length for U.S. mainline carriers increased 33.5 miles as low cost carriers expanded into code-sharing agreements with regional partners.³

Trends

Three major trends are currently impacting the U.S. commercial air carrier industry:

1. Major restructuring and downsizing among legacy air carriers,
2. Rapid growth among low cost carriers,
3. Extremely high growth among regional/commuter carriers.

III. The DBE Program



Background

The need for programs similar to the Department of Transportation's Disadvantaged Business Enterprise (DBE) program comes from a national legacy of discrimination against women and people of color. These discriminations have crossed many cultural borders and have been evident throughout our history. Many of the memories of discrimination have been lost in time but

the long-term effects may still linger on. This country's monumental act of legalized slavery followed by open segregation has been well documented. However, not as well documented but just as real was the Trail of Tears that forced thousands of the Cherokee Nation to leave their long-time country in northern Georgia for Oklahoma. Californians were required to pay a foreign miners tax during the California Gold Rush if they were born in California while under Mexico's control. Action that was intended to give a preference and advantage to one group over another is documented throughout this country's history. However, since the early 1960's a corrective measure has taken place. It is important to understand that these programs are a correction measure and are in no terms desired to be a permanent process. But, it is equally important to acknowledge that correction to generations of discrimination will take generations to achieve.

The DBE program can find its roots in the Affirmative Action Policies kicked off by President John F. Kennedy in 1961. Through Executive Order (EO) 10925, President Kennedy instructed federal contractors to take "affirmative action to ensure that applicants are treated equally without regard to race, color, religion, sex, or national origin." This was followed by the Civil Rights Act of 1964 that prohibited discrimination in hiring practices by large employers.

In 1968, the Small Business Administration established the 8(a) program to enhance federal purchases from socially or economically disadvantaged owners of small businesses.

This was followed a year later with the establishment of the United States Office of Minority Business Enterprise via EO 11458 under President Richard Nixon.

The Public Works Employment Act of 1977 required that ten percent of each Federal Construction Grant be awarded to minority businesses. That same year the Railroad Revitalization and Regulatory Reform Act required that recipients of financial grants and their subcontractors establish a goal of fifteen percent of purchases to be awarded to minority businesses.

The Minority Business Enterprise (MBE) program was established by the Department of Transportation in 1980 under the authority of Title VI of the Civil Rights Act of 1964. In 1987 the program was expanded to include women owned businesses and airports. MBE was replaced with Disadvantaged Business Enterprise (DBE) at that time.

A landmark case that further defined the DBE program, as it is known today was the City of Richmond v. J.A. Croson. Croson was a successful bidder on a construction project with the City of Richmond, however, Croson did not meet the city's requirement to utilize MBE firms on thirty percent of the project, therefore was not awarded the project. In a 6-to-3 decision, the Supreme Court held that "generalized assertions" of past racial discrimination could not justify "rigid" racial quotas for the awarding of public contracts. Justice O'Connor's opinion noted that the 30 percent quota could not be tied to "any injury suffered by anyone," and was an impermissible employment of a suspect classification. The Court maintained "the purpose of strict scrutiny is to 'smoke out' illegitimate uses of race by assuring that the legislative body is pursuing a goal important enough to warrant use of a highly suspect tool."



Justice Thurgood Marshall was one of three dissenting votes in the Croson case stating "It is a welcome symbol of racial progress when the former capital of the Confederacy acts forthrightly to confront the effects of racial discrimination in its midst." Justice Marshall went on to say that the City of Richmond had adequately documented a history of discrimination and that this ruling "marks a deliberate and giant step backward in this Court's affirmative-action jurisprudence."

By this point, 49 CFR Part 23 had so many amendments that it became inconsistent and open to interpretation. In an effort to clarify the rule, the Department of Transportation issued a Notice of Proposed Rule Making (NPRM) in December 1992. A final rule was completed in early 1995, however, was not released after the Supreme Court ruled on Adarand Constructors, Inc. v. Peña in June of that year.

In this case, Adarand protested an award to a prime contractor who received additional compensation when it hired small businesses controlled by “socially and economically disadvantaged individuals.” The Court held that all racial classifications “must serve a compelling government interest, and must be narrowly tailored to further that interest.” The ruling stated that race was an insufficient condition in determining “disadvantage.”

A Supplemental Notice of Proposed Rule Making (SNPRM) was issued in 1997 which responded to the “narrow tailoring” requirement of Adarand. A final rule was issued in 1999 that, among other things, separated the airport concessions program (Part 23) from the federally funded projects (Part 26). This ruling left unresolved issues that needed clarification under Part 23. There have been three notices issued pertaining to rule changes since its issuance in 1992, the most recent being in 2000. A final rule was issued in March 2005 and went into effect the following month. Simultaneously with the final rule, a SNPRM to further explore the issue of business size standards and the car rental program was published.

The DBE program will continue to evolve and be challenged via new statutes created as a result of our judicial system and/or changes in the regulation and its guidelines. An agency can minimize effects these changes may have on its program by adopting a process that goes above and beyond the regulations.

Legislation

The Department of Transportation (DOT) has two rules regarding the Disadvantaged Business Enterprise (DBE) program. They include 49 Code of Federal Regulations (CFR) Part 23 for airport concessions and Part 26 for professional services and construction. A business certified under the Part 23 rule will be referred to as an Airport Concession Disadvantaged Business Enterprise (ACDBE), while those under the Part 26 will be referred to as DBEs. This section will attempt to provide a brief overview of the regulations in an effort to simplify the dynamics of these two rules.



Eligibility

To be eligible as a DBE or an ACDBE a business must be for-profit, considered a small business, and the controlling member(s) of the business must be socially and economically disadvantaged.

Small Business Size Standards

Part 26:

The Small Business Administration (SBA) uses gross annual receipts, number of employees, or a combination of both, in determining if a business is classified as a small business. The

Part 26 DBE program uses the same size standards, however, there is a cap \$19.57 million in annual gross receipts averaged over the previous three years. This means that a business may qualify as a small business through the SBA, but may not qualify as a DBE because it exceeds the average gross receipts cap.

The SBA has a program under Section 8(a) that establishes the Small Disadvantaged Business (SDB) certification. Through a Memorandum of Understanding (MOU) between the SBA and DOT, a business certified by one program may expedite the process of certification under the second program. The business only need provide the information that is not required under the certification that they possess. For example, a certified SDB may not be eligible as a DBE if it exceeds the \$19.57 million cap. Women business owners that are “presumed” disadvantaged under the DBE program are not automatically qualified under the SDB. Therefore, a woman owned DBE must go through the “preponderance of evidence” standard to be certified as an SDB.

Part 23:

Because of the uniqueness of airport concessions, the ACDBE size standard is defined in the Part 23 rule and is not tied to any other certification or program. However, the DOT is not satisfied with the current size standards and has solicited additional information relative to adequate size standards.

Socially Disadvantaged

Parts 23 & 26:

“Socially disadvantaged” pertains to an individual that has been subject to racial or ethnic prejudice or cultural bias stemming from beyond the individual’s control. An individual who is discriminated against because of the clothes they wear, or a particular hairstyle, may not be declared socially disadvantaged. Although certain groups are automatically considered socially disadvantaged because of their ethnicity or gender, others may qualify by providing a “preponderance of evidence” that they were raised with the same cultural bias that applies to members of the named, underrepresented ethnic groups or women.

Financially Disadvantaged

Parts 23 & 26:

As a result of the Supreme Court ruling in Croson v. the City of Richmond, meeting the socially disadvantaged component alone is not enough to determine if someone is disadvantaged. The candidate must show that they are financially disadvantaged as well. In an attempt to narrowly focus the definition of disadvantaged, the DOT adopted the SBA standards for personal net worth (PNW) of \$750,000. Until recently the PNW limit only applied towards Part 26 applicants and it permitted two exclusions: The equity in your primary residence, and the investment in the business seeking certification.

Part 23 has adopted the same PNW cap for ACDBE as is in Part 26 with an additional exclusion. If a specific PNW level is needed to meet financing requirements for the concession, up to \$3.0 million can be excluded when calculating PNW. For example, if an individual's PNW is \$4.0 million, their home equity is \$500,000 and the equity in their business is \$1.0 million, their PNW is \$2.5 million. However, if the bank requires PNW of \$1.8 million to obtain the financing needed to open the concession, the final PNW would be \$700,000. This exclusion is not limited to tenant improvements. If a franchisor requires a certain PNW before awarding a franchise, that amount may also be an eligible exclusion.

51% Ownership/Control

Parts 23 & 26:

For a business to be eligible for DBE certification, the individual(s) that qualify as a DBE must have at least 51% ownership and control of the business. Majority ownership alone is not enough to satisfy this requirement. The majority owner (>50%) must be the controlling factor and bare the responsibility of all significant business decisions. If the majority owner needs approval to sign contracts, checks or other documents, the control has been removed from the majority owner.

Examples of what may not qualify as a DBE are as follows:



Example 1: *A career engineer with an engineering consulting company that is 51% owned by his wife, a retired schoolteacher, and the only DBE eligible partner with the firm, may not be under the “control” of the DBE owner. It is likely that more than 51% of the work and resources provided are from the expertise of the 49% owner.*

Example 2: *A corporation exists that has 4 partners of which three are DBE eligible and account for 51% ownership while the fourth owner has 49% and is a non-DBE. However, should the corporate bylaws limit the voting power of one of the DBE partners, the corporation is no longer 51% controlled by the DBE collective. This corporation may not qualify.*

Airport Goals

An airport that receives Airport Improvement Program (AIP) funds is required to submit to the Federal Aviation Administration a DBE program and participation goal. (There are a couple of exceptions that only impact small airports.) There are three goals that must be submitted:

- A goal for federally funded projects (Part 26),
- A goal for concessions other than car rentals,
- A goal for car rentals.

Car rental concessions have a separate goal because of the huge revenue they generate. The Part 26 goal is submitted annually while the Part 23 goals are submitted every three years with annual reviews.

Goals are achieved through two methods:

- Race/gender conscious approach **OR**
- Race/gender neutral approach.

Using a conscious approach, a DBE participation goal is established for a specific project and it is the responsibility of prime contractor to make a good-faith effort to achieve that goal. “Good faith” is determined by achieving the goal or showing that a sincere effort was made to include DBE participation. Evaluating good faith efforts when a goal is not achieved can be a challenge.

Using the neutral approach, a project-specific goal is not set but DBE participation is achieved through other means. The regulations state that if an airport achieved its overall annual goal with other projects outstanding, it must use the race/gender neutral approach. Example: If the cumulative over-all goal is 20% and must be used levels are currently at 25% with one project outstanding, the race/gender neutral approach must be used if the results of that project will not decrease participation below 20%.

Goal Achievement

Q: When is a DBE's contribution applied towards a goal?

A: When the DBE firm is in control of the work that needs to be performed. The purpose of the DBE program is not to provide revenue to a small firm, but to provide a growth experience that can be used towards the long-term success of that firm. The DBE firm must have ownership in its portion of the contract.

Example 3: *A DBE painter is a subcontractor, and the prime contractor provides all the paint and supplies to be used on the project. The DBE painter is reimbursed for the wages paid to the individual workers, and is given a percentage for his effort. The question is: Who has control of the work being performed? The DBE contractor may have negotiated his percentage, but he never has “ownership” for the project. This work may not be eligible for DBE participation.*

Example 4: *An advertising company has an ACDBE goal of 15% for an airport advertising contract. Its ACDBE partner is a marketing firm and will sell advertising space. The arrangement is for the ACDBE firm to have exclusive rights to sell all advertising fixtures in Concourse A. The fixtures in Concourse A are maintained and managed by the prime, but the ACDBE firm receives revenue on all advertisements sold in these fixtures. In this example, the ACDBE partner could sell nothing and receive a check for its ACDBE status. There is neither ownership nor responsibility given to the ACDBE. Therefore, this ACDBE participation most likely would not count.*

Measurement of Success

In order to determine whether a minority, women, or disadvantaged business enterprise program is successful, some type of measurement must be utilized.

The most often used measurement in the federal DBE program is the accomplishment of goals. Goals are established by using FAA's recommended methodology, and be a reflection of the diversity of companies that are ready, willing and able to perform specific work categories. Goals may vary and become a true reflection of the respective region they represent.

Measuring success can be a challenge within the DBE program, particularly in the area of outreach. Measuring success will become a far easier task and economically viable task when technological solutions mature.

Facts & Figures

Q: How many airports have DBE programs?

A: In 2005,

Part 26

- 318 Primary airports submitted DBE programs or goal updates under 49 CFR Part 26 to the FAA
- 637 non-primary airports submitted programs or goal updates for 49 CFR Part 26

Part 23

- 334 primary airports had concession programs under 49 CFR Part 23

Source: Letter from Michael Freilich, National External Program Manager, Office of Civil Rights, FAA to ACI-NA Business Diversity Subcommittee, August 26, 2005.

FAA recipients receiving grants for airport planning or development and who will award prime contracts exceeding \$250,000 in FAA funds must have a DBE program.

Q: How many DBE's are certified?

A: Each state Department of Transportation operates a DBE program that is responsible for ensuring non-discrimination in the award and administration of Federally funded contracts. These state DBE programs develop annual goals for utilization of DBE's on contracts and publish directories of firms certified as DBE's. Although the FAA's Office of Civil Rights does not keep current records on the number of DBE's that are certified, individual states can be contacted for specific information. The following are links to the Office of Small and Disadvantaged Business Utilization (OSDBU) websites pertaining to State DOT and DBE programs:



http://osdbuweb.dot.gov/business/dbe/state_dbe_location.cfm



<http://osdbuweb.dot.gov/business/dbe/statedbe.cfm>

The **DBE Central Register** is a listing of contractors, consultants, suppliers and manufacturers certified by the State Departments of Transportation as Disadvantaged Business Enterprises (DBE's). The businesses listed meet the requirements of U.S. Department of Transportation (USDOT), title 49 Code of Federal Regulations Part 26 which requires that the businesses be owned and controlled by women and/or minorities who are socially and economically disadvantaged.



http://osdbuweb.dot.gov/business/dbe/dbe_central_register.cfm

Compare and Contrast to Other Industries

The federal Disadvantaged Business Enterprise (DBE) program is basically a means of achieving diversity within a recipient's vendor base. Consider these facts as reported by Minority Business Development Agency, U.S. Department of Commerce:

- Minorities comprise nearly 30 percent of the U.S. population and are projected to grow to more than 50 percent by the year 2050.
- Minority-owned firms have increased 29.6 percent, as compared to 3.9 percent for all U.S. firms.
- In 1997, there were more than 3 million minority-led firms. Of that number, 84,000 have revenues in excess of \$1 million and many are in high-growth industries, including high technology and health services.

Source: <http://www.mbda.gov>

Federal Highway Administration (FHWA) and Federal Transit Administration (FTA)

The aforementioned statistics are a concrete basis for the Business Case for diversity. The concept of diversity, be it supplier, business, or work force diversity, is being embraced in many industries including the aviation industry. The U.S. Department of Transportation, the Federal Highway Administration (FHWA) and Federal Transit Administration (FTA) all manage DBE programs.

The FHWA is charged with the broad responsibility of ensuring that America's roads and highways continue to be the safest and most technologically up-to-date. Although state, local, and tribal governments own most of the nation's highways, the FHWA provides financial and technical support to them for constructing, improving, and preserving America's highway system. (<http://www.fhwa.dot.gov>)

The Federal government, through the FTA, provides financial assistance to develop new transit systems, and improve, maintain, and operate existing systems. Public transportation includes buses, subways, light rail, commuter rail, monorail, passenger ferryboats, trolleys, inclined railways, and people movers. (<http://www.fta.dot.gov>)

At the time of this publication, no other information was available from the FHWA or FTA relative to the achievements of their respective DBE programs.

Airlines

Many airlines note within its mission statement its commitment to workforce and supplier diversity, including:

- Alaska Airlines
- American Airlines
- Continental Airlines
- Delta Airlines
- Southwest Airlines
- United Airlines

National Minority Supplier Development Council

On a national and regional level, the organization National Minority Supplier Development Council (NMSDC) oversees a network for matching corporate buyers with minority suppliers in many industries. The NMSDC is responsible for the creation of the Billion Dollar Roundtable. Companies that have achieved \$1 billion in annual spending with minority and diverse suppliers are inducted into the Roundtable.

Member companies include:

- Altria
- DaimlerChrysler Corporation
- Ford Motor Company
- Johnson Control
- Lockheed Martin Corporation
- Minority Business News USA
- Procter & Gamble
- SBC Communications
- Toyota
- Verizon Communications, Inc.

IV. Implementation Strategies

Airport Case Study #1: San Francisco International Airport (SFO)



In June 2005, San Francisco International Airport received the “Award of the Organization” given by the Airport Minority Advisory Council (AMAC) for significant contributions toward the realization of DBE goals. This was just one of many instances that SFO’s Disadvantaged Business Enterprise (DBE) program has been recognized for outstanding performance.

San Francisco International Airport’s current DBE goal is an impressive 52% of the total number of concessions operations. That percentage includes food and beverage, retail and car rentals. SFO recently underwent a \$22 million redevelopment of its concession program known as the San Francisco Marketplace featuring 45 new concessions of which 80% are locally-owned.

Many success stories of DBE companies have resulted from agreements with prime concessionaires such as HMSHost Corporation. According to SFO, many of the DBE’s operated small community shops or were caterers who developed into successful Airport operators.

A majority of the DBE's are now operating in SFO's San Francisco Marketplace under direct leases as owners/operators.

Two other prime concessionaires, DFS Group Limited and Hudson Group, also have successful DBEs as operators/owners. DFS operates retail leases and a duty free store at SFO. Hudson Group operates a bookstore/café operation.

SFO reports that there are several features that make its DBE program unique and effective. Following are a few:



- *Principal Concession Concept* – Prime concessionaires subleased to small DBE's and provided training and management assistance to help DBE's get started in Airport operations. As a result of this program, many DBE's were awarded future concessions without the help of a prime.
- *Airport Concession Loan Program* – Financial assistance was provided to DBEs for capital improvements to their airport locations in the new redevelopment.
- *Airport Surety Bond Program* – the Airport assisted DBE's with obtaining performance bonds on concession operations.
- *DBE guidelines* were established to ensure that DBE's are owners/operators of their shops.

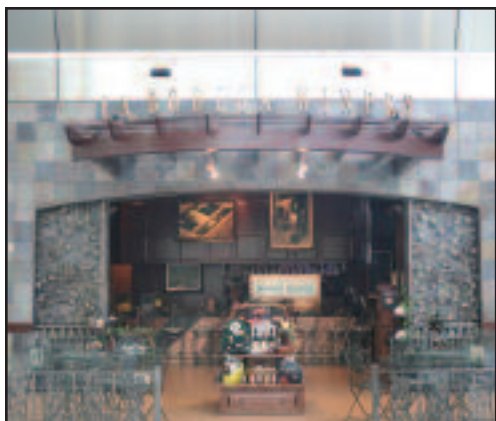
San Francisco International Airport continues to successfully use the Disadvantaged Business Enterprise program to promote small, locally-owned businesses, which is a benefit to the Airport. According to John L. Martin, Airport Director, the program is expected to boost airport concession revenues by fifteen percent to \$63 million in 2005, and \$70 million in 2006.

Airport Case Study #2: Dallas/Fort Worth International Airport (DFW)



DALLAS/FORT WORTH
INTERNATIONAL AIRPORT

Renowned economist Bernard Weinsten summed it up: “As a public agency DFW is one of the most reliable supporters of women and minority-owned businesses. It is indeed a model for the entire country.” The University of North Texas (UNT) Center for Economic Development and Research intensely studied the past seven years of the Airport's work in this area. It concluded DFW's Minority/Women's Business Enterprise (M/WBE) commitment to be among the best in the nation, generating more than \$1 billion in economic activity.



Over the past years, DFW International Airport has experimented with a variety of innovative approaches to enhance DBE and M/WBE participation on Airport projects and contracts. The success of these contracting program initiatives are the direct result of the Airport's commitment to inclusiveness and a coordinated allocation of resources and staff to implement DBE and M/WBE program objectives. The Airport continues to strive

to create a level playing field and eliminate artificial barriers that prevent fair and open competition for the Airport's business opportunities.

Multiple departments within DFW work together and host a series of outreach conferences designed to inform the M/WBE community of the potential business opportunities. The outreach events include participation from the Vice Presidents of Procurement & Materials Management and Revenue Management.

DFW initiated a coordinated outreach effort to inform minority and women-owned business enterprises and Disadvantaged Business Enterprises of the concession opportunities for DFW International Airport's new Terminal D. Between April and July of 2004, the Airport participated in twelve outreach events or meetings explaining the potential opportunities for retail and food and beverage concessionaires in the new terminal.

As a result of the participation, DFW awarded 30 firms concession locations in the new terminal. The Airport far exceeded its participation goal, with 93 percent of the approved vendors having 35 percent or more M/WBE participation. DFW Airport projects that the DBE and M/WBE firms will generate 61 percent of the anticipated gross revenue for Terminal D concessions.

In 2004, DFW Airport continued the Facilities Maintenance outreach program initiated in 2003, to outsource the facilities and custodial maintenance functions at the Airport. The Airport hosted three outreach conferences resulting in more than \$70 million outsourced in maintenance and custodial contracts with 47.7 percent committed to M/WBE businesses.

DFW recently completed a \$2.7 billion Capital Development Program, which includes the Skylink people mover, International Terminal D and Grand Hyatt Hotel. DFW has spent more than \$700 million with M/WBEs over the life of the project, which represents 26% participation.

The other initiatives include the Small Contractors Development Training Workshop (SCDTW), which is an eight week course designed to provide technical training for minority and women-owned businesses. The SCDTW curriculum includes workshops on a variety of topics including business development, financial management, insurance and bonding. In FY04, the SCDTW graduated more than nine minority and women-owned businesses.

DFW's Small Contractor's Development Program (SCDP) is a two-year program in which two small general contractors compete for minor maintenance construction projects. The program provides training and technical assistance in execution of the work. The two small firms selected for the program performed more than \$500 million in construction projects.

DFW's Small Contractor's Surety Support Program was established to assist small M/WBES in obtaining the necessary bonding and insurance to bid on airport projects. In FY04, the program assisted M/WBE firms in obtaining more than \$3 million in bonding.

The Minority Bank Deposit Program (MBDP) is an initiative designed to facilitate DFW International Airport's and private sector contractors' use of minority banks and depositories and for other financial services. DFW Airport committed to purchase certificates of deposits in the amount of \$1 million each, with three local minority-owned financial institutions.

V. Conclusion

The main objective of this document is to shine a positive light on the federal DBE program and to share the importance of diversity as a whole.

The DBE program is one means to fill a vital need as it was "designed to remedy the effects of current and past discrimination against small businesses owned and controlled by socially and economically disadvantaged individuals and to foster equal opportunity in transportation contracting". (GAO Report to Congressional Committees)

Over the years the program has been challenged on the legal front. From those challenges, such as City of Richmond v J.A. Croson and Adarand Constructors, Inc. v Pena came concrete measures to strengthen the program. Those measures have been key to ensuring the continued life of the program.

The fact that the growth of the U.S. minority population and minority-owned firms is so robust is significant. This fact could signal to the aviation industry that this is a major



market waiting to be tapped. As the aviation industry struggles to redefine itself as the major trends dictate, it may be important to be aware of the resources that are available.

Dallas Fort Worth International and San Francisco International Airports are just two examples of innovative programs that are being used to further increase opportunities to DBE firms. It should be noted here, that according to Michael Freilich, National External Program Manager, the FAA presented Louisa County/Freeman Field, VA the “Best First-Time DBE Program” award. The Salt Lake City Department of Airports was awarded the “DBE Advocate and Partner” honor in 2005. Many more outstanding programs exist, but time would not permit their inclusion.

The surface has only been scratched when it comes to sharing the positive aspects of the Disadvantaged Business Enterprise program. Hopefully, this document will serve as a catalyst for more dialogue about innovative ways to strengthen the communities around us and the airport environments in which we work.



**AIRPORTS COUNCIL
INTERNATIONAL**

1775 K Street NW
Suite 500
Washington, DC 20006
www.aci-na.aero