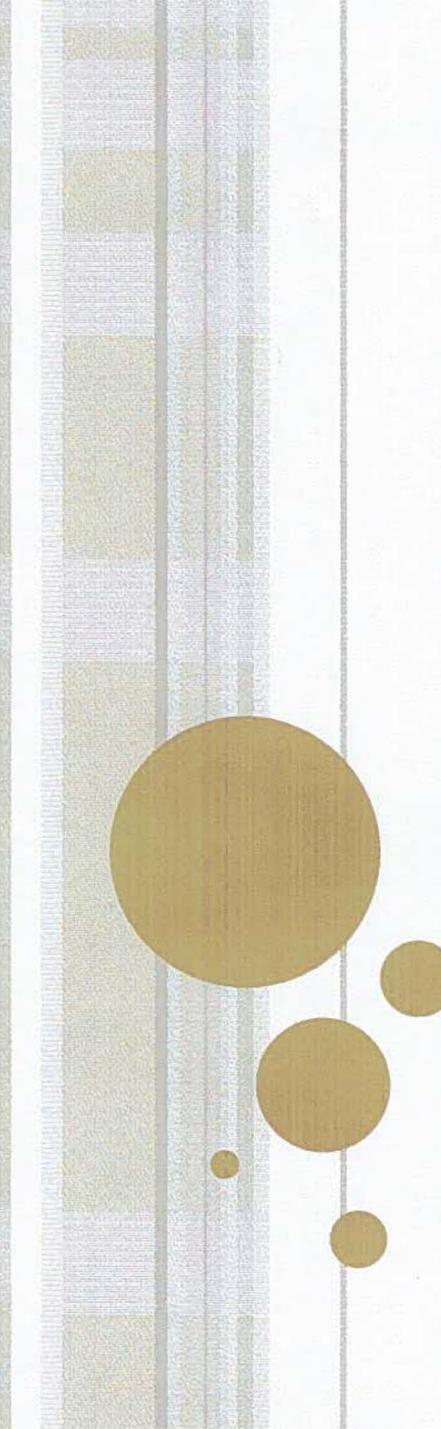


**ITEM C**



# **ACDBE PROGRAM**

**San Diego International Airport**

**Presented By:**

**Bob Silvas - Director, Small Business Development**

**December 2, 2010**

# AGENDA

- **DBE/ACDBE Definition**
- **ACDBE Program**
- **Certification**
- **ACDBE Goals**
- **ACDBE Achievements**

## DEFINITION

- **DBE** – Disadvantaged Business Enterprise
  
- **ACDBE** – Airport Concession Disadvantaged Business Enterprise
  - Recipients of Federal grants for airport development are mandated to implement a DBE and ACDBE Plan to comply with provisions of the 49 CFR Parts 23 & 26
  - Part 23 Issued in 2005

## SAN RESPONSIBILITY

- **The airport owner or operator must require businesses subject to ACDBE goals at the airport to make good faith efforts to explore all available options to meet goals, to the maximum extent practicable, through direct ownership arrangements with ACDBEs, including joint ventures and franchises.**

## ACDBE PROGRAM @ SAN

- **ACDBE Concession Plan (Posted on Website)**
- **Required Under Grant Assurances**
- **DBELO = Director of Small Business Development**
  - **Unencumbered Access to President/CEO**
  - **Oversight of DBE & ACDBE Program**
- **Two Goals Under Part 23:**
  - **Airport Concessions Excluding Car Rentals – 24%**
  - **Car Rentals – 0%**

**Current Participation - 22.5%**

## ACDBE CERTIFICATION

- **ACDBE Must be Certified by California Unified Certification Program**
- **SAN is a certifying agency**
- **Must be For Profit and Small Business**
- **51% Ownership by one or More Qualifying Individuals**
- **ACDBE Eligible Party(s) Must Demonstrate Control**
- **Must be Economically and Socially Disadvantaged**

## ECONOMICALLY DISADVANTAGED

- Personal Net Worth (PNW) Below \$750,000
- Three Exclusions
  - Primary Residence
  - Investment in Business
  - \$3 Million if Required for Concession
    - Financing Requirement
    - Franchise Operation
- Pending Rule Change
  - PNW Increase to Adjust for Inflation
  - Retirement Investments

# SOCIALLY DISADVANTAGED

- Presumed Groups:
  - African American
  - Hispanic American
  - Asian Pacific Americans
  - Asian Subcontinent Americans
  - Native Americans
  - Women
  
- Others that can Demonstrate Socially Disadvantaged

## HOW IS ACDBE COUNTED?

- **Compares Gross Revenues Earned by Business Concern vs. Total Gross Revenue**
  - **Excludes Airport's Gross Revenue (parking, fees...)**
  - **Banking Functions Considers Management Fees (currency exchange, ATMs...)**

### **Examples:**

- **Food Service or Merchandise – Gross Revenue**
- **Currency Exchange – Rental Paid to Airport**
- **Parking Operation – Management Fees**

## HOW IS ACDBE COUNTED? (CONT.)

- **Subcontract – Portion of Concession Controlled by ACDBE**
  - **Free standing store**
  - **Designated Operation w/in Concession**
  - **Joint-Venture**
    - **“...ACDBE is responsible for a distinct, clearly defined portion of the work of the contract and whose shares in the capital contribution, control, management, risks, and profits of the joint venture are commensurate with its ownership interest.”**
    - **A Joint Venture is not Certified as an ACDBE – Only Count ACDBE Ownership interest and**

## COUNT PARTICIPATION (EXAMPLES)

- Prime Concessionaire subcontracts 1 out of 3 stores to ACDBE who has control of store operation – Gross Revenue of ACDBE Store is applied towards goal
- Joint-Venture with 15% ACDBE partnership in investment & clearly defined work – 15% of concession revenue is applied
- ACDBE provides sales support for advertising concessionaires and is paid a commission for ads sold – Amount of commission is counted towards participation & not revenue of the sale.

---

# QUESTIONS?