



U.S. Department of Transportation Federal Aviation Administration

FY-2013 COMPLIANCE REVIEW REPORT FOR GEORGE BUSH INTERCONTINENTAL

Airport Name: **George Bush Intercontinental Airport (Houston, TX)** Site Visit Date(s): August 14-16, 2013

Review Conducted By FAA Staff: Dolores P. Leyva & Gene E. Roth
 Mario C. Diaz, Director - City of Houston Department of Aviation; Carlecia D. Wright, Director - City of Houston Office of Business Opportunity; and Jason A. McLemore, Deputy Assistant Director – City of Houston Office of Business Opportunity; Janice Ruley, Contract Compliance – Houston Airport System; Ben Guttery, Program Manager - FAA Airport Division ASW-50.

Purpose: Review of monitoring and enforcement aspect of your DBE and ACDBE programs. 49 CFR 26 and 49 CFR 23 requires that you implement appropriate mechanisms to ensure compliance with the parts’ requirements by all program participants. You are required to set forth these mechanisms as part of your Disadvantaged Business Enterprise (DBE) Program and Airport Concession Disadvantaged Business Enterprise (ACDBE) Program.
This compliance review is not to directly investigate whether there has been discrimination against disadvantaged business by the grant recipients or its sub-recipients, nor to adjudicate these issues on behalf of any party.

SECTION 1 - Title 49 CFR Part 26 – Construction

#	Question	Response		Observations/Comments	Compliance Issue		Recommended Action	Due Date
		Y	N		Y	N		
1	Did the airport disseminate its DBE Policy Statement?	X		<p>The City of Houston (City) current DBE program policy statement was included as part of the City’s Mayoral Statement on DBE Policy approved by City Ordinance 99-893 in 1999. The current DBE program incorporates the policy statement by reference to Ordinance 99-893.</p> <p>Once approved, the update DBE program will include a policy statement which will be disseminated via e-mail and internet to the Mayor, City Council, the Director, the Director and Deputy Directors of the Houston Airport System (HAS), all other interested parties including ACDBE and non-ACDBE concessionaire in the area.</p> <p><u>Recommend</u> that a copy of the DBE policy statement be posted on City’s website.</p>		X	NONE	
2	Does the airport have a DBELO in place that has direct independent access to the Airport Director/CEO concerning DBE program matters?	X		<p>The administration of the DBE program falls under the responsibility of the City of Houston Office of Business Opportunity (OBO). OBO has a staff of 8 individuals dedicated to the administration of the program. The</p>		X	NONE	

#	Question	Response		Observations/Comments	Compliance Issue		Recommended Action	Due Date
		Y	N		Y	N		
				Director of the office is the DBELO. Under the current structure, the DBELO reports directly to the Mayor. An organizational chart was provided to verify reporting structure				
3	Is the DBELO responsible for ensuring that DBEs are not discriminated against in the award and administration of FAA funded contracts and subcontracts?	X		As the head of the OBO, one of the DBELO's areas of responsibility includes the oversight of the DBE program.		X	NONE	
4	Does the airport make reasonable efforts to use DBE financial institutions as well as encourage prime contractors on DOT assisted contracts to make use of DBE financial institutions?		X	OBO investigated the availability of financial institutions in 2001 and identified six (6). Recently the OBO reevaluated the availability and did not identify any DBE financial institutions. We recommend that the OBO researches the availability in conjunction with the development of its DBE goals.		X	NONE	
5	Is the DBELO present during the bid openings for FAA funded projects?		X	The DBELO has delegated this responsibility to executive level supervisor. This supervisor explains the DBE requirements during pre-bid and pre-construction meetings.		X	NONE	
6	Does the airport verify written confirmation from the DBE that it is participating in the contract as provided in the prime contractor's commitment?	X		According to the DBE program, the City's bids are processed as a matter of responsibility. Bidders are required to submit "Letter of Intent" (Attachment A)		X	NONE	
7	Does the airport confirm DBE certification prior to awarding the contract?	X		The City requires that a copy of the DBE certification be attached to the bid response.		X	NONE	
8	In situations where a DBE contract goal has been established, does the airport ensure that all DBE information is complete and accurate and adequately documents the bidder's good faith efforts before committing to the performance of the contract by the bidder?	X		OBO Staff is heavily involved in all aspects of the bid process. The Deputy Assistant Director reviews the bid document for Federal regulation requirement in draft form before the bid is released. This person also reviews the bid response once the bid was been recorded during the evaluation phase. OBO contract compliance staff also verifies the information when it is entered into their electronic monitoring system, B2GNow Government.		X	NONE	

#	Question	Response		Observations/Comments	Compliance Issue		Recommended Action	Due Date
		Y	N		Y	N		
9	In situations where a DBE contract goal has been established, is the award of the contract conditioned on meeting the requirements of 49 CFR Section 26.53?	X		Bids are processed as a matter of responsibility. Bidders are required to submit all DBE documents within 24 hours of notification. The contract is not awarded until all requirements have been met. DBE goal documentation is reviewed, including any good faith effort, if applicable, by OBO staff.		X	NONE	
10	Does the airport have mechanisms in place to ensure that work committed to DBEs at contract award is actually awarded to DBEs?	X		The City uses an electronic system to verify contract awards and monitor DBE goal attainment. The electronic system requires that the Prime submit a list of DBE firms, this information is verified against the letters of intent. OBO staff attends pre-construction meetings and regularly scheduled project meetings.		X	NONE	
11	Do the mechanisms provide for a running tally of actual DBE attainments (e.g., payments actually made to DBE firms), including a means of comparing these attainments to commitments?	X		The City's electronic monitoring system provides for an overview of attainment progress and DBE goal.		X	NONE	
12	Does the airport have mechanisms in place to verify that the DBEs are managing their work, utilizing their own work forces, equipment, and materials?	X		The OBO conducts random audits for commercially useful function. This allows the DBELO to verify that the subcontractors are doing all the work they were assigned. The City is also implementing the use a form entitled, "Construction Commercially Useful Function" to monitor MWSPDBE participation. This form reviews specific areas to enable verification that the DBE firm is managing their own work, utilizing their own work force, equipment, and materials. We recommend that the form is enhanced to clearly identify if the firm is a DBE firm.		X	NONE	
13	Does airport staff conduct regular construction site visits and verify that the DBEs are performing a commercially useful function?	X		OBO staff conducts regular site visits of the constructions sites and verifies commercially useful function. The City has provided a copy of an updated form which augments the records documenting site visits to include how		X	NONE	

#	Question	Response		Observations/Comments	Compliance Issue		Recommended Action	Due Date
		Y	N		Y	N		
				commercially useful function is verified.				
14	During the construction site visits, does the airport verify that business names on equipment and vehicles are not covered with paint or magnetic signs?	X		OBO staff conducts site visits of the constructions sites. We recommend that OBO augments the records documenting site visits to include this verification.		X	NONE	
15	During the construction site visits, does the airport verify who employs the workers on site?		X	The City utilizes a form entitled "Affirmative Action and Contract Compliance Division Employee Interview Form" to document the visits to the construction sites. The form listed both Prime and subcontract names. It is inferred that the person being interviewed is employed by the subcontractor. We recommend that the City adds a section to verify who employs the person that is being interviewed.		X	NONE	
16	Does the airport have a monitoring mechanism in place that provides a written certification that contracting records are being reviewed and work sites are being monitored?	X		The City utilizes a form entitled "Affirmative Action and Contract Compliance Division Employee Interview Form" to document the visits to the construction sites. The form is completed by the employee of the firm. It does not reference the DBE program, or mentions whether the project is federally funded.	X		OBO should establish a process and properly document the OBO/IAH personnel is visiting the sites. Additionally, process needs to incorporate the internal review and verification of contracting records to ensure they meet DBE requirements.	12/1/13
17	Does the airport review monthly DBE participation reports? (Provide copy of sample report)	X		OBO utilizes an electronic system to track DBE participation on all of its federally funded contracts. Data is entered by Prime, verified by subcontractor, and reviewed by OBO staff. If there's any delay in the verification process, OBO staff contacts subcontractors directly.		X	NONE	

#	Question	Response		Observations/Comments	Compliance Issue		Recommended Action	Due Date
		Y	N		Y	N		
18	Does the airport randomly verify who orders and pays for the necessary supplies being used by the DBE subcontractor?		X	The City does not verify this information as part of its compliance review process.	X		We recommend that the City augments its monitoring process to include this verification as a preventive measure for DBE fraud. Please see http://www.oig.dot.gov/fraud-awareness-posters .	11/1/13
19	Does the airport have prompt payment mechanisms in place?	X		<p>According to IAH's DBE program, 30 day prompt payment clause to be included in all DOT assisted prime contracts.</p> <p>The electronic system requires that the Prime submits a list of DBE firms as well as payments made to each firm. The DBE firms have access to the system and are required to verify that they have received the payment. There were concerns raised by DBE firms regarding the delay payment of the City to the Prime, in some case payments from Prime to Subcontractor was delayed for 90 days since the Prime had not received payment from the City.</p> <p>The updated DBE Program includes the required retainage language. Monitoring of retainage was not included as part of the current monitoring practice. There was report that in some cases retainage was being withheld for almost two years after the DBE had satisfactorily completed the work.</p>	X		<p>1. The City should include required retainage clause in all federally funded contracts and develop process to monitor of the return of retainage to subcontractors.</p> <p>2. The City should ensure that the prompt payment requirement is included in the contract between the Prime and Subcontractor and ensure it meets CFR Part 26 requirements and it is not placing an undue burden on the subcontractors.</p>	11/1/13
20	In the case of post-award terminations, pre-award deletions or substitutions of DBE firms, does the airport verify that the DBE has been notified AND given time to respond before approving the termination/substitution?	X		<p>The updated DBE program includes the required process and allows a five day response time.</p> <p>We <u>recommend</u> that the City disseminates this process to ensure Primes and subcontractors are informed. The development of a standard form would also be helpful.</p>		X	NONE	

#	Question	Response		Observations/Comments	Compliance Issue		Recommended Action	Due Date
		Y	N		Y	N		
21	Before approving a termination and/or substitution of a DBE subcontractor, does the airport verify the documented good cause that compels the termination of the DBE subcontractor?	X		In the case of a request for a termination or substitution, the request is reviewed and approved by OBO staff. Request is only approved upon verification of good cause.		X	NONE	
22	Does the airport submit its Uniform Report on DBE participation to the DOORS system?	X		The OBO has submitted the required reports via the DOORS system.		X	NONE	
23	Was the airport required to prepare a DBE goal accountability report for fiscal year 2012?		X	The City submitted its DBE goal accountability report. The City has submitted an updated accountability report for FY 2012 in draft form. The report will be reviewed in draft form during the technical assistance session. The City is required to submit the updated report in final form no later than 11/1/2013. FY-2013 accountability report will be due December 30, 2013, if applicable.		X	NONE	
24	Has the airport implemented its Small Business element for the DBE Program?	X		The City submitted a small business element as required by regulation. The SB element has been resubmitted as part of the updated DBE program.		X	NONE	
25	Does the airport have a mentor-protégé program?		X	The City does not have a mentor-protégé program.		X	NONE	
26	Does the airport have a current and approved DBE Program in place?	X		The City's currently approved DBE program is dated June 19, 2001. FAA sent a program requirements reminder notice on August 9, 2012 requiring all airports to update their programs to incorporate January 2011 regulatory updates. The City submitted an updated DBE program to FTA for review on October 10, 2012. We recommend that the City takes a more proactive approach to stay informed on regulation changes and ensure that their DBE program complies with the regulation as required under 49 CFR § 26.21. The City is required to submit an updated DBE program to the FAA no later than 11/1/2013.		X	NONE	

#	Question	Response		Observations/Comments	Compliance Issue		Recommended Action	Due Date
		Y	N		Y	N		
27	Has the airport submitted its three year DBE goal and received concurrence with its methodology from the FAA.	X		The City was required to incorporate revisions to the DBE goal methodology. A DBE goal for FY-2013 was approved on July 18, 2013. The methodology covering FY-2014-2016 was due August 1, 2013. The City requested a 30 day extension. The methodology will be reviewed in draft form during this review process. The City is required to submit the methodology covering FY-2014-2016 in final form no later than 11/1/2013.		X	NONE	

Documents Reviewed:

- A. Airport organization chart, showing DBELO's position.
- B. Records showing approval and/or rejection of DBE firms' terminations/substitution.
- C. Sample forms used to monitor monthly DBE participation.
- D. Records documenting work site visits.
- E. Records documenting Good Faith Effort reviews.
- F. Copy of DBE accomplishment reports for the most recent three years.
- G. List of all active FAA funded projects.
- H. List of active FAA funded projects that have DBE participation, identifying DBE goal and actual contract percentage achieved to date.
- I. Sample of an FAA funded contract.
- J. Sample of a contract that includes a DBE goal requirement.
- K. Sample of a DBE sub-contract agreement.

SECTION II - Title 49 CFR Part 23 – Concessions

#	Question	Response		Observations/Comments	Compliance Issue		Recommended Action	Due Date
		Y	N		Y	N		
1	Has the airport's ACDBE program been approved by FAA?		X	IAH is operating under an ACDBE program dated July 11, 2006. There's no record of an approval letter. The program is outdated. Regulation final rules released January 2011 and June 2012 included many regulatory updates.	X		The City must submit an updated ACDBE Program.	3/1/14
2	Did the airport distribute its ACDBE Policy Statement?	X		Policy in place is dated July 18, 2006. According to the ACDBE program the policy statement was disseminated via e-mail and internet to the Mayor, City Council, the Director, the Director and Deputy Directors of the Houston Airport System (HAS) and ACDBE and non-ACDBE concessionaire communities in the area. We recommend that the current policy statement be posted on the City's website.		X	NONE	
3	Does the airport have an ACDBELO in place that has direct independent access to the Airport Director/CEO concerning DBE/ACDBE program matters?	X		The administration of the ACDBE program falls under the responsibility of the City of Houston Office of Business Opportunity (OBO). OBO has a staff of 8 individuals dedicated to the administration of the program. This includes one person whose primary focus is to monitor the ACDBE program. The Director of the OBO is the ACDBELO. Under the current structure, the ACDBELO reports directly to the Mayor. An organizational chart was provided to verify reporting structure.		X	NONE	
4	Is the ACDBELO responsible for ensuring that DBEs are not discriminated against in the award and administration of concession contracts?	X		As the head of the OBO, one of the ACDBELO's areas of responsibility includes the oversight of the ACDBE program. Duties include ensuring that ACDBEs have an equal opportunity to participate in concession opportunities.		X	NONE	
5	Does the approved ACDBE program on file with FAA reflect the current organizational structure of the agency?		X	The City's ACDBE program dated July 11, 2006. Includes three organizational charts which reflect the organizational structure. The OBO was previously named Affirmative Action		X	NONE	

#	Question	Response		Observations/Comments	Compliance Issue		Recommended Action	Due Date
		Y	N		Y	N		
				and Contract Compliance Division. The organizational chart provided during this site visit records current structure will be incorporated to the new ACDBE program.				
6	Does the airport include enforcement provisions in concession agreements?	X		<p>According to the ACDBE program dated July 18, 2006, the City committed to including required specific clauses in all concession agreements executed after April 21, 2005.</p> <p>Three concession contracts and five sub-concession contracts were reviewed as part of this compliance review. Dates of these contracts ranged from 1998 to 2009.</p> <p>Out of the eight contracts, four included an Article XII "Equal Employment, DBE, and Drug Policy" which contains ACDBE goal requirement, non-discrimination, and enforcement provision. Two of the concession contracts reviewed only included a Section 2-Disadvantaged Business Enterprise, this section only addressed certification requirement. The other two contracts did not include reference to the ACDBE program.</p> <p>City provided ACDBE standard template language used in ACDBE contracts.</p> <p>Contract by and between JDDA SSP and Latrelle Gallery, dated July 17, 2009, includes a clause in section 12.2.7 setting a deadline of September 30, 2009 for the operator to obtain ACDBE certification.</p>	X		<ol style="list-style-type: none"> 1. Submit sample contract template for review and approval which incorporates all clauses required under 49 CFR Part 23. 2. Incorporate required clauses to any existing contracts on the first opportunity for an amendment. Ensure that all future contracts include specific clauses as required by 49 CFR Part 23. 3. Review JDDA SSP and Latrelle Gallery contract to ensure that the firm was certified prior to the execution of the contract. ACDBE certification should have been issued prior to the execution of the contract in order for the City to count the participation. 	11/1/13
7	Does the airport verify that the prime or master concessionaire and ACDBE have entered into a written commitment prior to submitting a response to an RFP/RFQ?	X		<p>The City's ACDBE program dated July 18, 2006, includes a Letter of Intent (Attachment 3-Form 2) which was to be utilized to verify written commitment. Other records provided showed the City uses a form entitled, Letter of Intent from ACDBE.</p> <p>We recommend that the City incorporate this new form into its updated ACDBE program to be submitted to FAA no</p>		X	NONE	

#	Question	Response		Observations/Comments	Compliance Issue		Recommended Action	Due Date
		Y	N		Y	N		
				later than March 1, 2014.				
8	Does the airport require a prime or master concessionaire to submit written documentation to confirm that the ACDBE firm has agreed to participate in the concession contract?	X		The City uses the form entitled, Letter of Intent from ACDBE which is attached to the RFP document as Schedule C.		X	NONE	
9	Does the airport confirm ACDBE certification prior to awarding the contract?	X		The Deputy Assistant Director reviews RFP responses as part of the evaluation phase. This requires ensuring that the ACDBE firm has been certified prior to the award of contract. The contract is not awarded until all reviews have been satisfied, including the review of the OBO.		X	NONE	
10	In situations where an ACDBE contract goal has been established, is the award of the concession contract conditioned on meeting the requirements of 49 CFR Part 23?	X		The Deputy Assistant Director reviews the RFP documents for Federal regulation requirement and ACDBE goal, if applicable, in draft form before the RFP is released. This person also reviews the proposals to verify ACDBE participation and verifies good faith efforts, as applicable.		X	NONE	
11	In situations where an ACDBE concession contract goal has been established, does the airport ensure that all ACDBE information is complete and accurate and adequately documents the bidder's good faith efforts before awarding the concession contract?	X		The Deputy Assistant Director reviews the RFP documents for Federal regulation requirement and ACDBE goal, if applicable, in draft form before the RFP is released.		X	NONE	
12	Does the airport have a monitoring mechanism in place that provides a written certification that contracting records are being reviewed and work sites are being monitored?	X		According to the reports reviewed, the site visit process does not include document.	X		City must establish process that complies with 49 CFR §23.29 This requires specific provisions to be inserted into concession agreements setting forth the enforcement mechanisms and other means you use to ensure compliance that includes a written certification that you have reviewed records of all contracts,	

#	Question	Response		Observations/Comments	Compliance Issue		Recommended Action	Due Date
		Y	N		Y	N		
							leases, joint venture agreements, or other concession-related agreements and monitored the work on-site at your airport for this purpose. The monitoring to which this paragraph refers may be conducted in conjunction with monitoring of concession performance for other purposes	
13	Does the airport verify that the work committed to ACDBEs is actually performed by the ACDBEs?	X		The City is involved in the RFP process including the review of proposal and obtains a copy of the concessions contract. Information is then tracked via the monthly reporting.		X	NONE	
14	Does the airport prohibit prime or master concessionaires from terminating ACDBE firms for convenience?	X		Only one of the contracts reviewed included an ACDBE termination clause. In discussing the process, the City as well as Prime concessionaires and ACDBEs verified that the City has a process in place to properly address that an ACDBE is not being terminated for convenience. We recommend that the City documents process in place and ensure to include the termination process as a clause in concession contracts.		X	NONE	
15	Does the airport require prime or master concessionaires include administrative remedies if a prime or master concessionaire fails to comply with ACDBE requirements?	X		Article XII "Equal Employment, DBE, and Drug Policy". Section 12.2 contains a DBE enforcement provision, entitled "Compliance" making lack of compliance with the DBE program a breach of contract.		X	NONE	
16	In the case of post-award terminations, pre-award deletions, or substitutions of ACDBE firms, does the airport verify that the ACDBE has been notified AND given time to respond before approving the termination/substitution?	X		Four of the contracts reviewed included Article XII "Equal Employment, DBE, and Drug Policy" containing the ACDBE goal requirement, non-discrimination, and enforcement provision. Only one of the contracts reviewed included an ACDBE termination clause. In discussing the process, the City as well as Prime concessionaires and ACDBEs verified that the City has a process in place to properly address that an ACDBE is not being terminated for convenience.	X		DBE Program must be updated on include the good faith effort process as required under 49 CFR Part 23.	3/1/14

#	Question	Response		Observations/Comments	Compliance Issue		Recommended Action	Due Date
		Y	N		Y	N		
				We recommend that the City documents process in place and ensure to include the termination process which includes required notification to ACDBE as a clause in concession contracts.				
17	Before approving a termination and/or substitution of an ACDBE subcontractor, does the airport verify the documented good cause that compels the termination of the DBE sub-concession?	X		The City has a process in place to verify that an ACDBE is only being terminated for good cause. The City works closely with the Office of Commercial Development to verify any non-compliance as it applies to quality assurance. We recommend that the City documents process in place and ensure to include the termination process which includes required notification to ACDBE as a clause in concession contracts.	X		DBE Program must be updated on include the good faith effort process as required under 49 CFR Part 23.	
18	Does the airport conduct concession sites visits regularly?	X		The City utilizes form entitled, "Concession/Car Rental Site Visit Report" to document its visits to the concessions. We reviewed 10 reports conducted on 11/7 between the hours of 11:00AM and 1:00PM. Six of the reports reviewed were conducted by observation only.		X	NONE	
19	During the concession site visits, does the airport verify general managers and to whom they report?	X		According to the reports reviewed, the site visit process does not include document.	X		Process as well as forms/reports should be enhanced to include verification of general managers and who they report to. Submit copy of revised form as well as reports documenting visits to a minimum of ten locations.	3/1/14
20	Does the airport verify that the ACDBE is actively managing the concession location(s)?	X		Site visit reports reviewed did not document this type of monitoring.	X		Process as well as forms/reports should be enhanced to include verification of general managers and who they report to. Submit copy of revised form as well as reports documenting visits to a minimum of ten locations.	3/1/14

#	Question	Response		Observations/Comments	Compliance Issue		Recommended Action	Due Date
		Y	N		Y	N		
21	Does the airport verify gross sales reports accounting for ACDBE participation?	X		OBO staff receives report entitled "Concession/Car Rental Revenue Report" on a monthly basis. This report is used to monitor ACDBE goal participation.		X	NONE	
22	Does the airport submit its Uniform Report on ACDBE participation to the DOORS system?	X		Records documenting submission for FY 2012, 2011, and 2010 were submitted and reviewed.		X	NONE	
23	Has the airport received any complaints alleging that it was not complying with ACDBE regulations in the past three years?		X	The City has not received complaints in the past three years.		X	NONE	
24	Does the airport have any joint venture agreements currently in place? If YES, please answer the following:	X		IAH's ACDBE program operation includes 13 joint ventures.		X	NONE	
	a) Has the airport undertaken an internal review of its joint venture agreements, if any, in order to verify that they are in compliance with the FAA Joint Venture Guidance?	X		IAH submitted records documenting the review of "The Advertising Concession at Houston Airports, LLC" on April 26, 2013 and the review of JCDecaux Airport Inc. Joint Venture with Sylvia Cavazos Public Relations/Public Affairs LLC, dba Sylvia Cavazos Communications and dba Cavazos Resources on May 6, 2013.				
	b) Did the airport make any change in the counting of ACDBE participation of the joint venture toward ACDBE goals as a result of its joint venture agreement reviews findings?		X	Strongly recommend that joint ventures develop a tracking mechanism to continue to be closely monitored for commercially useful function in accordance with FAA Joint Venture Guidance issued July 2008.				
25	Does the airport have Long Term (5+ years) and Exclusive contract(s) currently in place?	X		One LTE contract in place. The airport operation is leased to United (Continental).		X	NONE	
26	If the airport has current Long Term and Exclusive contracts in place, were these contracts submitted to the FAA for approval?	X		No record of submission on file. The City has entered into long term contracts which have ACDBE participation. We recommend that the City reviews the guidance issued June 10, 2013 on evaluating long-term exclusive contracts and incorporates a process to ensure any upcoming long-term exclusive contracts and submitted to the FAA for review and approval.		X	NONE	
27	Does the airport have an ACDBE mentor-protégé program?		X	The airport does not have a mentor protégé program in place.		X	NONE	

#	Question	Response		Observations/Comments	Compliance Issue		Recommended Action	Due Date
		Y	N		Y	N		
28	Was the airport required to prepare and/or submit an ACDBE goal accountability report for fiscal year 2012?		X	The City reported accomplishments meeting its ACBE goal and was not required to submit a report.		X	NONE	

Documents Reviewed:

- A. Airport organization chart, showing ACDBELO's position.
- B. Records showing approval and/or rejection of ACDBE firm terminations/substitution.
- C. Records documenting monitoring of contracts with ACDBE participation.
- D. Sample forms used to monitor monthly ACDBE participation.
- E. Copy of your approved ACDBE Triennial Goal.
- F. Form used to document Good Faith Effort reviews.
- G. Copy of ACDBE accomplishment reports for the most recent three years.
- H. List of all active concession contracts that have ACDBE participation, identifying ACDBE goal and actual contract percentage achieved to date.
- I. Copy of the top three revenue generating concession contracts.
- J. Copy of revenue generating sub-concession agreements.
- K. Copy of the bottom three revenue generating sub-concession agreements
- L. Summary of the findings of one Joint Venture agreement.

REVIEW SUMMARY

The Federal Aviation Administration (FAA) Office of Civil Rights would like to thank you for your participation in the FY 2013 DBE & ACDBE Compliance Review. We appreciate the substantial effort taken by Houston Airport System (City)/George Bush Intercontinental (IAH/Airport) in providing the numerous documents and meeting with the FAA team during this on-site visit. Your timely response and active participation was an essential element in the successful completion of this important initiative. The collective assessments made during the review have been incorporated into this report.

The FAA Office of Civil Rights periodically conducts discretionary reviews of grant recipients and sub-recipients in order to provide technical assistance, note best practices, identify areas for improvement, and ensure program compliance. This review has examined the Airport's compliance with the DBE Program and ACDBE Program. Observations and comments have been registered in each area that was examined.

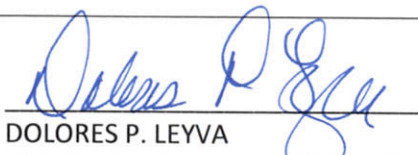
The objectives of the compliance reviews is not only to ensure compliance, identify areas requiring improvement, provide technical assistance, but also to identify best practices in the Airport's administration of its DBE Program and ACDBE Program. In examining the City's forms and practices, Houston Airport System should be commended for taking proactive efforts to strengthen its program administration with the inclusion of specific forms to document processes in place as well as the extensive outreach conducted throughout the year and the investment in the electronic system which allows for the verification of payments to DBEs as well as monitoring DBE goal.

Area(s) requiring your attention, if any, have been noted as a Compliance Issue under each specific question, corrective must be taken by each set deadline. To supplement this year's review, we conducted focus group meetings with prime contractors, DBEs, master/prime concessionaires, as well as ACDBEs. The primary objective during these meetings was to evaluate the administration of the DBE and ACDBE program from the participants' perspective. We found that on the good side, they are very content with the way the DBE and ACDBE program is being administered by the leadership group in place. They have seen a big improvement in the administration in recent years. They commend the City's commitment to the program. However, participants also noted one of their main concern was that a small business the cash flow becomes an issue when payment to the Prime is not made in a timely fashion. This concern was recorded under and addressed as a recommended action to Question # 19 in Part 26.

Based on the findings, we have designed specialized technical assistance to focus on the following areas of concern:
Determining overall goals, accountability report, and concessions ACDBE monitoring.

The FAA Office of Civil Rights looks forward to continuing to work with you in ensuring compliance with 49 CFR Part 26, "Participation by Disadvantaged Business Enterprise in Department of Transportation Financial Assistance Programs," and 49 CFR Part 23, "Participation of Disadvantaged Business Enterprise in Airport Concessions."

REPORT PREPARED BY:


DOLORES P. LEYVA
ASW Region Compliance Specialist


GENE E. ROTH
ASO Region Compliance Specialist

Recommended Resources:

FAA website, http://www.faa.gov/about/office_org/headquarters_offices/acr/bus_ent_program/fed_reg/

FAA dbE-Connect System, <https://faa.dbesystem.com/Default.asp?>

U.S. Department of Transportation Office of Inspector General <http://www.oig.dot.gov/oig-investigative-priorities>

U.S. Department of Transportation Office of Small and Disadvantaged Business Utilization <http://www.dot.gov/osdbu/disadvantaged-business-enterprise>