

AIRPORT CONCESSION DISADVANTAGED BUSINESS ENTERPRISE (ACDBE) PROGRAM GOAL METHODOLOGY

The State of Hawaii, Department of Transportation, Airports Division (HDOTA) revised the Airport Concession Disadvantaged Business Enterprise (ACDBE) Program Plan and goal-methodology in compliance with the U.S. Department of Transportation Regulations Title 49 Code of Federal Regulations (CFR) Part 23, issued March 22, 2005, and effective April 21, 2005, hereinafter referred to as the "ACDBE Regulations".

The ACDBE Regulations requires separate overall goals for: 1) Concessions, other than Car Rentals (Non Car Rental Concessions) and 2) Car Rental Concessions. The overall goals shall cover a three-year period. Goals shall be reviewed annually and any significant adjustments made to the goals shall be reported to FAA prior to the next scheduled submission.

The overall goals are based on existing concession leases and demonstrable evidence of the availability of ready, willing and able ACDBE's relative to all local businesses ready, willing and able to participate in new "concession opportunities" that may occur during this goal period. The goals, as much as possible, are reflective of the level of ACDBE participation, absent the effects of discrimination. The HDOTA intends to meet the overall ACDBE goals, to the maximum extent feasible through race-neutral measures identified in our Program Plan. When race-neutral measures are not sufficient to meet our overall goal, we will utilize race-conscious measures which may include establishing specific contract goals for concessions with subcontracting opportunities.

The overall goals and methodology presented is for Molokai Airport. Lanai Airport currently does not have any revenue generating concessions and are not included in this report.

NON-CAR RENTAL CONCESSIONS

The overall goal for non-car rental concessions shall be expressed as a percentage of total gross receipts. The total gross receipts for Molokai Airport during the three (3) year period of Federal Fiscal Year 2020-2022 for non-car rental concessions are projected to be approximately \$1.2 million. HDOTA believes that obtaining ACDBE participation at Molokai Airport will be difficult due to: 1) the size of the concession 2) the limited number of businesses on the island of Molokai and 3) the lack of ACDBEs on the island. However, as outlined in the ACDBE Regulations and our Statewide Airports DBE Program Plan, the two step process is explained below:

Step 1: Determining a Base Figure for the Overall Goal A base figure was derived by utilizing the following data:

1. Concession Opportunities and the Gross Revenues projected during FY 2020 to FY 2020 (Figure 1).
2. State of Hawaii Unified Certification Program on-line ACDBE Directory. There are no certified ACDBEs on the island of Molokai.

Based on the factors above, the weighted availability is 0 %.

Figure 1. Future gross revenue projected for non-car rental at Molokai Airport, FFY 2020-FFY2022

Federal fiscal year	Estimated gross receipts	Estimated ACDBE gross receipts	Percentage
2020	\$ 383,501	\$ 3,835	1.00 %
2021	394,623	3,946	1.00
2022	406,067	4,061	1.00

Step 2: Adjusting the Base Figure. In accordance with DBE Program regulations, after the base figure was calculated, HDOT considered available evidence to determine whether or not the figure should be adjusted higher or lower than the base figure (a “step-2 adjustment”). HDOT considered the current capacity of ACDBEs to perform work, as measured by past ACDBE accomplishments at Molokai Airport (Figure 2).

The full Availability and Disparity Study report in fall 2019 will provide more information on MBE/WBE participation for Molokai Airport.

Figure 2. Past ACDBE non-car rental accomplishments at Molokai Airport, FFY 2013-FFY2018

Federal fiscal year	Concessions gross receipts	ACDBE gross receipts	Percentage
2013	\$ 279,165	\$ 0	0.00 %
2014	246,484	0	0.00
2015	217,944	0	0.00
2016	321,134	0	0.00
2017	330,529	0	0.00
2018	372,693	0	0.00

The median ACDBE participation percentage from FFY 2013 through FFY 2018 is 0.0%

The Airports Division proposes an overall ACDBE goal of 1% for Molokai Airport for Federal Fiscal Years 2020 to 2022. The base figure is 0% and medium past participation level of 0%.

HDOT estimates that ACDBE participation through goods and services will be 1% in the upcoming years.

Breakout of Estimated Race-Neutral and Race-Conscious Participation. The Airports Division will utilize a 100% race-neutral means of facilitating ACDBE participation. The following race-neutral means to increase ACDBE participation shall be used:

1. Structuring concession activities so as to encourage and facilitate ACDBE participation;
2. Informing all certified DBEs/ACDBEs in the Hawaii UCP and various minority and women-owned business agencies of Notices to Bidders for new, concession opportunities;
3. Providing assistance in overcoming limitations such as inability to obtain bonding of financing;
4. Ensuring that competitors for concession opportunities are informed during pre-bid meetings about how the Airport Division's ACDBE Program will affect the procurement process;
5. Providing technical assistance and other services;
6. Providing services to help ACDBEs, and other small businesses, improve long-term development, increase opportunities to participate in a variety of long-term development, increase opportunities to participate in various types of work, and achieve eventual self-sufficiency; and
7. Ensuring distribution of the State of Hawaii DBE directory, through electronic means, to the widest feasible universe of potential concessionaires and management services.

Outreach Efforts. There are currently 35 certified ACDBEs in the Hawaii State Directory, 9 of which are currently already operating in at least one airport, and no ACDBEs on the island of Molokai. Our goal is to encourage ACDBE participation through purchases of goods and services. Concessionaires will be requested to provide us with a list of all their current suppliers and vendors. From this list, letters will be sent to prospective companies to solicit their interest in becoming certified ACDBEs. Further, we will continue to broaden our outreach efforts by participating in small business fairs to market the ACDBE Program and to solicit potential ACDBEs that may be able to participate in concession activities at Hawaii airports. HDOTA anticipates the goal of 1% in the near future and the 1% goal will be attained through the purchases of goods and services on future airport concessions. Currently concessions at Molokai Airport are operating on revocable permit contracts. The plan in the near future is for all future concessions to operate under leases with the 1% goal towards goods and services.

CAR RENTAL CONCESSIONS

The overall goal for car rental concessions shall be expressed as a percentage of total gross receipts. The total gross receipts for Molokai Airport during the three (3) year period of Federal Fiscal Years 2020 - 2022 for car rental concessions are projected to be approximately

\$8,550,667. Historically, the car rental companies at Hawaii State Airports have not been able to obtain DBE participation through subleasing methods nor through the purchases of goods and services.

Therefore, of this \$8,550,667, HDOT unfortunately anticipates that the ACDBE gross receipts of the total car rental concession dollars will be 0 percent.

In accordance with 49 CFR Part 23, the two step process is explained below:

Step 1: Determining a Base Figure for the Overall Goal. A base figure was derived by utilizing the gross revenues for FFY 2020 through FFY 2022. It is also projected that the estimated participation of ACDBE in the same period will be zero because there are no certified ACDBEs on the Island of Molokai. Therefore the base figure is 0%.

Figure 3. Future gross revenues projected for car rental at Molokai Airport, FFY 2020 to FFY 2022.

Federal fiscal year	Estimated gross receipts	Estimated ACDBE gross receipts	Percentage
2020	\$ 2,769,141	\$ 0	0.00 %
2021	2,849,446	0	0.00
2022	2,932,080	0	0.00

Step 2: Adjusting the Base Figure. In accordance with DBE Program regulations, after the base figure was calculated, HDOT considered available evidence to determine whether or not the figure should be adjusted higher or lower than the base figure (a “step-2 adjustment”).

The full Availability and Disparity Study report in fall 2019 will provide more information on MBE/WBE participation for Molokai Airport.

1. Previous ACDBE accomplishments at Molokai Airport for Car Rental Concessions, for the last (5) years, is zero.
2. There are no ACDBE car rental companies in the State of Hawaii.
3. Molokai Airport currently has a contract with Alamo that expires in May 2019.
4. To provide for public participation in the proposed goal-setting process, the State of Hawaii, Department of Transportation shall contact ACDBEs, as well as other organizations and agencies, including local minority groups and organizations, to solicit comments on the HDOTA's proposed overall FFY 2020 to FFY 2022 goals.
5. HDOTA will start implementing goals on future contracts based on goods and services and will require all car rental companies operating in the State of Hawaii to use ACDBE's and

DBE's for future purchases of goods and services.

Figure 4. Past ACDBE car rental accomplishments at Molokai Airport, FFY 2013-FFY2018

Federal fiscal year	Concessions gross receipts	ACDBE gross receipts	Percentage
2013	\$ 2,264,785	\$ 0	0.00 %
2014	2,406,652	0	0.00
2015	2,702,285	0	0.00
2016	2,618,876	0	0.00
2017	2,582,443	0	0.00
2018	2,691,099	0	0.00

Proposal & Analysis. HDOT proposes an overall ACDBE participation level of 0% for Molokai Airport for Federal Fiscal Years 2020 to 2022.

HDOTA anticipates the decrease in growth of 1% in total gross revenue for rental car concessions at Molokai Airport for each Federal Fiscal Year spanning 2020-22. Alamo, which is currently operating at Molokai Airport, is believed to have maxed out their potential gross income for the island of Molokai, and the results for FFY 2018 shows a slight decrease in total gross receipts. HDOTA will actively recruit current businesses who are currently doing business here in the State of Hawaii and encourage them to become an ACDBE/DBE. HDOTA will set goals for car rental concessions in the near future and HDOTA anticipates the goals to be attained through the purchases of goods and services.