

**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.

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 2017 - 2019 for non car rental concessions are projected to be approximately \$985,449. 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:

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FFY 2017 to FFY 2019

1. Concession Opportunities and the Gross Revenues projected during FY 2017 to FY 2019. (see Attachment 1)
2. State of Hawaii Unified Certification Program on-line ACDBE Directory. (There are only 20 certified ACDBEs listed in the Directory. Out of the 20, 9 already participate in at least one of the Concessions at a State of Hawaii system airport.) There are no certified ACDBEs on the island of Molokai.
3. Active Participant List (APT). A list of interested ACDBE participants was created by looking at companies that had previously purchased bid documents or attended pre-bid meetings for the concessions let out to bid at Molokai Airport.
4. Number of firms in the NAICS. This is based on the number of firms listed in the Census Bureau's County Business Pattern (CBP) database for specified types of business on the island of Molokai.
5. ACDBE Availability based on the APT. This ACDBE availability was determined by dividing the number of certified ACDBEs in the Hawaii UCP (on the island of Molokai) by the number of firms in the Active Participant list.
6. ACDBE Availability based on the NAICS. This ACDBE availability was determined by dividing the number of certified ACDBEs in the Hawaii UCP (on the island of Molokai) by the number of firms listed in the NAICS.
7. Average of ACDBEs Available. This figure is the average of the ACDBE availability based on the APT and the ACDBE availability based on the NAICS.

Based on the factors above, the **BASE FIGURE** or total weighted availability = **0 %** (see Attachment 1)

Step 2: Adjusting the Base Figure

The Hawaii DOT contracted with National Economic Research and Associates (NERA) to conduct a disparity study. The Disparity Study did not provide specific data for the island of Molokai. The following factors, based on the available evidence to the Airports Division and the State of Hawaii, were used to adjust the above base figure:

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FFY 2017 to FFY 2019

1. Previous ACDBE accomplishments at Molokai Airport.

Federal Fiscal Year	Concession Gross Receipts w/o RAC	ACDBE Gross Receipts	Percentage
2015	\$ 217,944	\$ 0	0%
2014	\$ 246,484	\$ 0	0%
2013	\$ 279,165	\$ 0	0%
2012	\$ 252,899	\$ 0	0%
2011	\$ 47,107	\$ 0	0%

Median ACDBE Participation Percentage = 0 %

- 2 Public Participation

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 2017 to FFY 2019 goals.

Proposal & Analysis

The Airports Division proposes an **overall ACDBE goal of 1%** for Molokai Airport for Federal Fiscal Years 2017 to 2019, formulated with the following rationale below:

1. The base figure = 0 %
2. Median past participation level = 0 %
3. HDOTA estimates that ACDBE participation through goods and services will be 1% in the upcoming years. HDOTA was informed that a goal of 0% will not be an acceptable goal, therefore HDOTA will use the lowest possible whole number as a goal.

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;

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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

As mentioned above, there are currently 20 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.

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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 Year 2017 - 2019 for car rental concessions are projected to be approximately \$7,722,260. 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 \$7,722,260, HDOTA 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 following data:

1. Gross Revenues projected during FFY 2017 to FY 2019 are as follows:

FFY 2017	\$ 2,600,000
FFY 2018	\$ 2,574,000
FFY 2019	<u>\$ 2,548,000</u>
Total:	\$ 7,722,260

2. There are no certified ACDBEs on the island of Molokai.

Based on the factors above, the **BASE FIGURE** is **0%**.

Step 2: Adjusting the Base Figure

The Hawaii DOT contracted National Economic Research Associates, Inc. (NERA) in 2008 to conduct a disparity study. The study was completed at the end of 2010; however, there were a lot of issues with the study and the primary focus centered around 49 CFR Part 26 regulations. Therefore, the Airports Division will continue to establish goals, based on the 2-step method, as utilized in previous methodologies.

The following factors, based on the available evidence to the HDOTA and the State of Hawaii, were reviewed to possibly adjust the above base figure:

1. Previous ACDBE accomplishments at Molokai Airport for Car Rental Concessions, for the last (5) years, is zero.

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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 2017 to FFY 2019 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.

Proposal & Analysis

HDOTA proposes an **overall ACDBE participation level of 0%** for Molokai Airport for Federal Fiscal Years 2017 to 2019.

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 2017-2019. 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 2016 shows a slight decrease in total gross receipts. Data provided by HDOTA's property management section shows Alamo with total gross receipts of \$2,618,876 for FFY 2016, which is a 3% decrease from Federal Fiscal Year 2015. Passenger arrivals may have also played a factor, although at the time, HDOTA doesn't have that statistical data completed. HDOTA will continue to utilize race-neutral means of facilitating ACDBE participation as much as possible while attempting to obtain ACDBE participation. As stated above, Molokai Airport is currently under contract with Alamo and that contract is set to expire in May of 2019. HDOTA will actively recruit current businesses who are currently doing business here in the State of Hawaii and encourage them to become a 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.

NON CAR RENTAL CONCESSIONS - MOLOKAI

Goal Period:	FY 2017 (10/1/16 to 9/30/17)		FY 2018 (10/1/17 to 9/30/18)		FY 2019 (10/1/18 to 9/30/19)	
Business Type:	Estimated Gross Receipts	Estimated DBE Gross Receipts	Estimated Gross Receipts	Estimated DBE Gross Receipts	Estimated Gross Receipts	Estimated DBE Gross Receipts
Snack Shop	\$ 322,000	\$ 3,220	\$ 328,440	\$ 3,284	\$ 335,009	\$ 3,350
	\$ 322,000	\$ 3,220	\$ 328,440	\$ 3,284	\$ 335,009	\$ 3,350
	=	1%	=	1%	=	1%

Concession Opportunity	ACDBE UCP Directory	Active Participant List	Number of Firms In NAICS	ACDBE Availability Based on APT	ACDBE Availability Based on NAICS	Average of ACDBE's Available
Snack Shop	0	0	0	0.00%	0.00%	0.00%
				Totoal Weighted Availability = 0%		

Source: 2014 County Business Paterns (NAICS) for Kalawao County, HI