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HAWAII DEPARTMENT OF TRANSPORTATION 2019 AVAILABILITY AND DISPARITY STUDY Executive Summary



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**Executive Summary
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EXECUTIVE SUMMARY.

2019 HDOT Availability and Disparity Study

Keen Independent Research LLC

The Hawaii Department of Transportation (HDOT) operates the Federal Disadvantaged Business Enterprise (DBE) Program to assist DBEs on contracts that use U.S. Department of Transportation (USDOT) funds. HDOT must set overall annual goals for participation of DBEs in those contracts.

An overall DBE goal expresses the percentage of contract dollars HDOT might expect to go to DBEs if there were a level playing field for those companies when competing for that work. HDOT sets unique goals for contracts funded by the:

- Federal Highway Administration (FHWA);
- Federal Transit Administration (FTA); and
- Federal Aviation Administration (FAA), by individual airport.

HDOT must also set goals for participation of Airport Concessions DBEs (ACDBEs) in its airport concessions.

Regulations in 49 CFR Part 26 and other USDOT guidance direct how an agency sets an overall DBE goal.¹ The process includes two steps: (1) developing a “base figure,” and (2) considering “step 2” adjustments. HDOT must also project the portion of each overall goal that it will meet through race-neutral means and any remaining portion to be met through DBE contract goals.

Similarly, regulations in 49 CFR Part 23 and other USDOT guidance outline how an agency sets an overall goal for ACDBE participation in its airport concessions and how to project the portion of the goal it will meet through race-neutral means.

HDOT retained Keen Independent Research (Keen Independent) to conduct the 2019 Availability and Disparity Study. The study team published a preliminary Availability Study and held public meetings about that study in summer 2019.

- That report included results for overall DBE goals for FHWA-funded contracts and FAA-funded contracts at Honolulu International Airport and Kahului Airport.
- In August 2019, HDOT submitted overall DBE goals to FHWA and to FAA (for Honolulu and for Kahului airports) for a three-year period starting October 1, 2019.² When the goals were submitted, HDOT reported they might be revised based on more information in the full Availability and Disparity Study report.

¹ Most DBEs are minority- or women-owned firms. If a white male-owned firm demonstrates both social and economic disadvantage and meets other federal certification requirements, it can also be DBE. See 49 CFR Part 26.67(d).

² HDOT also prepared an ACDBE goal for Molokai Airport.

This new Availability and Disparity Study report expands on the information in the Availability Study report, including:

- Revised overall DBE goals for FHWA-funded contracts;
- Revised overall DBE goals for FAA-funded contracts at Honolulu and Kahului airports;
- Overall DBE goals for contracts funded by the FTA, FAA-funded contracts at other airports, and airport concessions (regarding the Airport Concessions DBE Program);
- Comparison of the utilization and availability of minority- and women-owned firms for HDOT's transportation contracts and airport concessions;
- Projections of the portion of the goals that can be achieved through neutral means (including updated projections for FHWA-funded contracts and FAA-funded contracts at Honolulu and Kahului airports); and
- Changes in DBE and ACDBE program operation that HDOT might consider.

Background

At the start of this study, HDOT's current overall DBE goals were:

- 29.05 percent for FHWA-funded contracts statewide;
- 8.69 percent for FTA-funded contracts; and
- 11.12 percent to 29.00 percent for FAA-funded contracts at HDOT airports (varies by airport).

HDOT has used DBE contract goals and race-neutral measures to try to reach those overall DBE goals. As discussed in detail in this report, actual DBE participation has been below the goals. HDOT also has overall goals for ACDBE participation at its airports.

Availability and Disparity Study Analyses and Results for USDOT-Funded Contracts

To conduct the analyses in this study, Keen Independent:

- Compiled data on thousands of HDOT's past USDOT-funded contracts and subcontracts awarded from July 2011 through June 2016. (Keen Independent used the FHWA-, FTA- and FAA-funded contracts during the July 2011–June 2016 study period as indications of the mix of contracts during the time periods covered by future goals.)
- Determined that Hawaii was the relevant geographic market area for HDOT transportation contracts. (Firms with Hawaii locations received 95 percent of FHWA-funded contract dollars, 100 percent of FTA-funded contract dollars and 90 percent of FAA-funded contract dollars.)

- Identified 31 different types of work that accounted for most of the dollars of HDOT’s FHWA-, FTA- and FAA-funded prime contracts and subcontracts. These 31 types of construction, goods and services represented a very large share of the dollars of FHWA-, FTA- and FAA-funded contracts (96%, 94% and 86%, respectively).
- Surveyed thousands of companies in Hawaii performing work in those 31 subindustries to identify businesses available for HDOT contracts. About 57 percent of available businesses were minority- or women-owned (MBEs and WBEs).
- Using the survey data, calculated the number of MBEs and WBEs and total number of firms available for each past HDOT contract and subcontract given its type, size and location (i.e., an availability analysis for each contract).
- Dollar-weighted the results of the availability analyses for each contract to determine overall availability for FHWA- and FTA-funded contracts and for FAA-funded contracts at each airport.
- Determined which minority- and women-owned firms were certified as DBEs or could be counted as “potential DBEs.” Potential DBEs are MBEs and WBEs that are below revenue limits for DBE certification, except for those that had graduated from the DBE Program, had certification applications denied, or indicated that they were not eligible or not interested in DBE certification in the study team’s follow-up research.

Availability analyses for FHWA-, FTA- and FAA-funded contracts. Figure ES-1 presents the results of the dollar-weighted availability analysis for FHWA- and FTA-funded contracts. The first row indicates MBE/WBE availability, deductions for non-DBEs are made in the second row and the final row shows the results for current and potential DBEs. These dollar-weighted availability results for current and potential DBEs constitute the “base figure” for HDOT’s overall DBE goals for FHWA- and FTA-funded contracts (17.26% and 14.6%, respectively). The base figure for FHWA-funded contracts is revised from the preliminary results in the 2019 Availability Study based on new information about firms that should be counted as potential DBEs.

Figure ES-1.

Overall dollar-weighted availability estimates for current and potential DBEs for FHWA- and FTA-funded contracts

Calculation of base figure	FHWA	FTA
Total MBE/WBE	52.97 %	48.86 %
Less firms that graduated from the DBE Program or denied DBE certification in recent years or exceed revenue limits	<u>35.71</u>	<u>34.23</u>
Subtotal	17.26 %	14.63 %
Plus white male-owned DBEs	<u>--</u>	<u>--</u>
Current and potential DBEs	17.26 %	14.63 %

Note: Numbers may not add to totals due to rounding.

Source: Keen Independent availability analysis.

Keen Independent performed similar calculations to determine the base figures for future overall DBE goals for FAA-funded contracts at each HDOT airport. (Note that results for Honolulu and Kahului airports are revised from those presented in the July 2019 Availability Study report based on new information about potential DBEs.)

Figure ES-2.

Overall dollar-weighted availability estimates for current and potential DBEs for FAA-funded contracts at HDOT airports

Calculation of base figure	Honolulu International Airport	Kahului Airport	Kona International Airport	Hilo International Airport	Lihue Airport	Molokai Airport	Lanai Airport
Total MBE/WBE	51.54 %	58.78 %	28.92 %	46.68 %	41.05 %	43.46 %	44.99 %
Less firms that graduated from the DBE Program or denied DBE certification in recent years or exceed revenue limits	<u>44.78</u>	<u>30.65</u>	<u>16.26</u>	<u>31.04</u>	<u>32.21</u>	<u>32.34</u>	<u>33.65</u>
Subtotal	6.76 %	28.13 %	12.66 %	15.64 %	8.84 %	11.12 %	11.34 %
Plus white male-owned DBEs	--	--	--	--	--	--	--
Current and potential DBEs	6.76 %	28.13 %	12.66 %	15.64 %	8.84 %	11.12 %	11.34 %

Note: Numbers may not add to totals due to rounding.

Source: Keen Independent availability analysis.

The base figures represent the anticipated level of DBE participation from analysis of USDOT-funded contracts from July 2011 through June 2016. If the future mix of types, sizes and locations of projects were substantially different, it might affect the base figure for those contracts.

Potential Adjustments to Calculate the Overall DBE Goals

HDOT must consider potential adjustments to the base figure as part of determining its overall annual DBE goals for FHWA-, FTA- and FAA-funded contracts. HDOT must also project the portion of its overall goals it expects to meet through “neutral means,” which includes strategies to encourage small business participation in its contracts. With certain restrictions, federal regulations provide for any unmet portion of an overall DBE goal to be met through use of DBE contract goals.

Potential step 2 adjustments. Federal regulations require agencies to consider potential step 2 adjustments to their base figures when they determine overall DBE goals. Adjustments can be upward or downward. Factors to be considered are:

1. Current capacity of DBEs to perform work, as measured by the volume of work DBEs have performed in recent years;
2. Information related to employment, self-employment, education, training and unions;
3. Any disparities in the ability of DBEs to get financing, bonding and insurance; and
4. Other relevant factors.³

³ 49 CFR Section 26.45.

HDOT should review the information presented in the full Availability and Disparity Study report when considering whether to make an adjustment. Some possibilities are provided below.

Potential downward step 2 adjustment. USDOT’s “Tips for Goal-Setting” states that agencies should examine data on past DBE participation on their USDOT-funded contracts as an indication of current capacity of DBEs to perform work. USDOT suggests taking one-half of the difference between the base figure and this measure of current capacity to calculate this step 2 adjustment. The second column of Figure ES-3 shows these results.

No step 2 adjustment. The third column of Figure 3 presents results if no step 2 adjustment is made.

Potential upward step 2 adjustment. Keen Independent identified disparities in business ownership for people of color and women in Hawaii’s construction and engineering industries. But for these disparities, availability of minority- and women-owned firms would be higher (see Chapter 7 of the full Availability and Disparity Study report). The fourth column of Figure ES-3 reflects an adjustment for the underrepresentation of minority- and women-owned firms in Hawaii.

Results. Figure ES-3 summarizes the goals if HDOT chose to adjust its goals or make no adjustment.

The first column shows HDOT’s overall DBE goals and neutral projections for FHWA- and FTA-funded contracts at the start of the study.

Figure ES-3.

Information for HDOT consideration concerning potential overall DBE goals and projections of race-neutral participation for FHWA- and FTA-funded contracts

Component of overall DBE goal	Current or previous goal	New goal projection		
		Downward adjustment	Base figure	Upward adjustment
FHWA				
Overall goal	29.05 %	11.00 %	17.26 %	31.47 %
Neutral projection	- 0.26	- 11.00	- 17.26	- 31.47
Race-conscious projection	28.79 %	0.00 %	0.00 %	0.00 %
FTA				
Overall goal	8.69 %	7.37 %	14.63 %	28.11 %
Neutral projection	- 0.00	- 7.37	- 14.63	- 28.11
Race-conscious projection	8.69 %	0.00 %	0.00 %	0.00 %

Source: Keen Independent analysis.

Figure ES-4 provides possible overall DBE goals and projections for FAA-funded contracts at HDOT airports.

Figure ES-4.

Information for HDOT consideration concerning potential overall DBE goals and projections of race-neutral participation for FAA-funded contracts at HDOT airports

Component of overall DBE goal	Current or previous goal	New goal projection		
		Downward adjustment	Base figure	Upward adjustment
Honolulu International Airport				
Overall goal	24.40 %	3.94 %	6.76 %	14.27 %
Neutral projection	- 4.19	- 3.94	- 6.76	- 14.27
Race-conscious projection	20.21 %	0.00 %	0.00 %	0.00 %
Kahului Airport				
Overall goal	21.70 %	14.07 %	28.13 %	46.17 %
Neutral projection	- 11.00	- 14.07	- 28.13	- 46.17
Race-conscious projection	10.70 %	0.00 %	0.00 %	0.00 %
Kona International Airport				
Overall goal	22.00 %	6.33 %	12.66 %	27.97 %
Neutral projection	- 11.00	- 6.33	- 12.66	- 27.97
Race-conscious projection	11.00 %	0.00 %	0.00 %	0.00 %
Hilo International Airport				
Overall goal	21.00 %	7.82 %	15.64 %	32.06 %
Neutral projection	- 10.00	- 7.82	- 15.64	- 32.06
Race-conscious projection	11.00 %	0.00 %	0.00 %	0.00 %
Lihue Airport				
Overall goal	29.00 %	4.42 %	8.84 %	16.60 %
Neutral projection	- 14.00	- 4.42	- 8.84	- 16.60
Race-conscious projection	15.00 %	0.00 %	0.00 %	0.00 %
Molokai Airport				
Overall goal	21.00 %	5.56 %	11.12 %	19.73 %
Neutral projection	- 10.00	- 5.56	- 11.12	- 19.73
Race-conscious projection	11.00 %	0.00 %	0.00 %	0.00 %
Lanai Airport				
Overall goal	21.00 %	5.67 %	11.34 %	21.79 %
Neutral projection	- 10.00	- 5.67	- 11.34	- 21.79
Race-conscious projection	11.00 %	0.00 %	0.00 %	0.00 %

Source: Keen Independent analysis.

Portion of the overall DBE goals to be met through neutral measures. When developing an overall DBE goal, agencies such as HDOT must also project the portion they expect to meet through (a) race- and gender-neutral means, and (b) race- and gender-conscious programs (if any). Race- and gender-neutral measures include initiatives that encourage the participation of all small businesses and are not limited to minority- or women-owned firms or DBEs.

Agencies must determine whether they can meet their overall DBE goals solely through neutral means or whether race- and gender-conscious measures — such as DBE contract goals — are also needed. One of the factors to consider is past DBE and overall MBE/WBE participation in past USDOT-funded contracts.

Overall utilization of minority- and women-owned firms on FHWA-, FTA- and FAA-funded contracts. Figure ES-5 presents MBE/WBE utilization (as a percentage of total dollars) on HDOT transportation-related contracts awarded during the study period. Results are for 1,680 HDOT prime contracts and subcontracts that involved FHWA, FTA or FAA funds. The darker portion of the bar presents the utilization of MBE/WBEs that were DBE-certified and the middle portion presents the participation of potential DBEs (MBE/WBEs that appear that they could be DBE-certified).

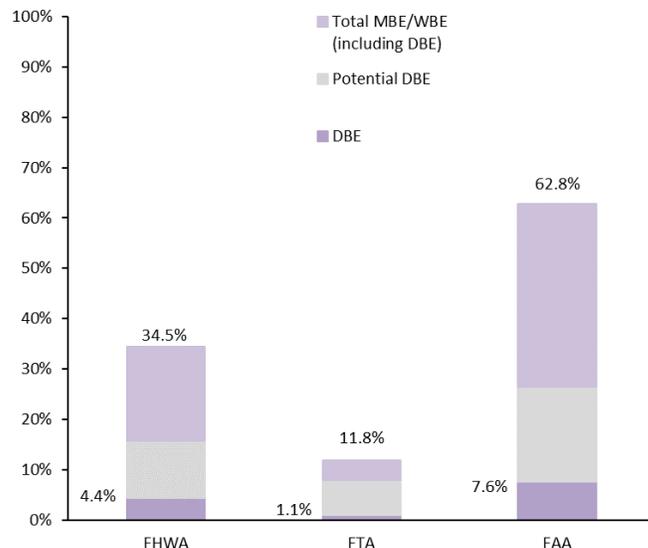
Figure ES-5 shows utilization of minority- and women-owned firms of 34.5 percent, 11.8 percent and 62.8 percent for FHWA-, FTA- and FAA-funded contracts. The participation of minority- and women-owned firms was substantially greater than results for just DBE-certified businesses.

Some of the utilized MBE/WBEs are eligible to be certified as DBEs but have not done so. Keen Independent estimated that these potential DBEs obtained 11.3 percent of FHWA-funded contract dollars and 6.9 percent of FTA-funded contract dollars. Combined, DBE and potential DBE participation was 15.7 percent for FHWA-funded contracts and 8.0 percent for FTA-funded contracts. For FAA-funded contracts, potential DBEs were 11.3 percent of total utilization. Combined DBE and potential DBE participation on FAA-funded contracts was 18.9 percent.

Figure ES-5.
MBE/WBE and DBE share of prime contract/subcontract dollars for HDOT FHWA-, FTA- and FAA-funded transportation contracts, July 2011–June 2016

Note:
 Dark portion of bar is certified DBE utilization. Middle portion of the bar is potential DBE utilization.
 Number of contracts/subcontracts analyzed is 1,680.

Source:
 Keen Independent from data on HDOT and local government contracts July 2011–June 2016.



Comparisons of the utilization and availability of minority- and women-owned firms on FHWA-, FTA- and FAA-funded contracts. Keen Independent compared the share of contract dollars going to MBE/WBEs overall and by racial/ethnic and gender group with what might be expected based on the availability analysis. Results of these disparity analyses are examined in Chapters 5 and 6.

A brief summary of the disparity results is as follows:

- For FHWA-funded contracts, utilization of MBE/WBEs was below what might be expected based on the availability of firms to perform that work. However, there was no disparity for the group of firms owned by Asian Pacific Americans, Native Hawaiians and Pacific Islanders. (HDOT applied DBE contract goals to many of these projects.)
- Utilization of minority- and women-owned firms on FTA-funded was below what might be expected from the availability analysis. Among MBE/WBEs, there were disparities for each racial, ethnic and gender group. (HDOT did not apply DBE contract goals to FTA-funded contracts during the study period.)
- Utilization of minority- and women-owned firms exceeded what might be expected from the availability analysis for FAA-funded contracts. There were disparities, however, for minority- and women-owned businesses that were not owned by Asian Pacific Americans, Native Hawaiians or Pacific Islanders. (HDOT applied DBE contract goals for some of these projects.)

The full report also examines DBE and MBE/WBE participation on past contracts without DBE contract goals (see discussion of FHWA- and FAA-funded contracts without goals in Chapter 6). That participation was about the same or higher as the utilization shown in Figure ES-5. Therefore, DBE contract goals may not have increased the overall participation of minority- and women-owned firms in FHWA and FAA-funded contracts.

Potential new SBE program. If HDOT's overall DBE goals for FHWA-, FTA- and FAA-funded contracts are in the range of the base figures shown in Figures ES-3 and ES-4, HDOT might consider a new SBE Program as a means of achieving those goals. This program would replace HDOT's use of DBE contract goals with SBE contract goals. It would also encourage SBE participation as prime contractors on small HDOT contracts. Reasons for considering a new SBE program include the following.

- About 94 percent of the businesses available for HDOT's USDOT-funded contracts are within the federal small business size limit based on the revenue they reported in the availability survey for this study. Of those small businesses, 59 percent are minority- or women-owned.
- All firms currently certified as DBEs in Hawaii would automatically qualify as SBEs.

- In the in-depth interviews in this study, a number of firms commented on the preponderance of business owners of color and women business owners in the Hawaii transportation contracting market. Some minority and female business owners reported that DBE contract goals are not needed. For example, the Filipino American female owner of a professional services firm stated, “[DBE certification] was not necessary after a while. If you look at the rules ... everyone is pretty much a minority here.”
- Because people of color and women are 88 percent of the workforce in Hawaii, social disadvantages for minorities and women compared with nonminorities and men may occur in different ways than on the Mainland. An SBE Program might better tailor operation of the Federal DBE Program to achieve success in removing barriers for socially and economically disadvantaged businesses in this demographically unique state.
- Many current firms eligible to be certified as DBEs have not done so, any stigma concerning certification as a “disadvantaged business” would not arise for small business certification.
- HDOT already has a system to set SBE contract goals because it currently sets DBE contract goals. The same firms currently eligible to count toward the goals would still be available to count toward the goals as SBEs.
- Federal regulations and state law allow HDOT to limit bidding on small contracts to SBE prime contractors and consultants. This feature of the SBE Program is only possible because it is available to SBEs rather than just DBEs.
- HDOT would continue technical assistance and other assistance to DBEs.
- A further reason HDOT could meet future overall DBE goals through neutral means is that there is already considerable participation of MBE/WBEs possibly eligible for DBE certification. With outreach and additional reasons to become certified, such as small contracts reserved for bidding by SBEs, a new SBE Program could encourage these firms to become certified as SBEs (and automatically as DBEs). This would immediately increase reported DBE participation for HDOT’s contracts as many of these minority- and women-owned firms already receive HDOT work.

For example, potential DBEs obtained 11.3 percent of HDOT’s FHWA-funded contract dollars during the study period. If these firms had been DBE-certified, overall DBE participation on FHWA-funded contracts would have been 15.7 percent, which is close to an overall DBE goal in the range of 17.26 percent.

HDOT should consider all of the information in the report and other sources when deciding on any future use of DBE contract goals.

Additional information in the Availability and Disparity Study pertinent to the DBE Program.

Keen Independent also analyzed whether there was a level playing field for minority- and women-owned firms in the Hawaii transportation construction and engineering marketplace.

Based on Census data, surveys, in-depth interviews and other information, results indicate that the playing field is not level for minority- and women-owned businesses. HDOT assistance to MBE/WBEs through an SBE Program or other initiatives continues to be needed.

The full report explains research methods and what is shown from analysis of quantitative and qualitative information.

Overall ACDBE Goals for HDOT Airport Concessions

Because the FAA provides funds for its airports, HDOT must operate the Federal ACDBE Program, including setting three-year goals for ACDBE participation in its airport concessions. Federal regulations require separate goals for (1) non-car rental concessions and (2) car rental concessions. As with DBE goals for airport FAA-funded contracts, HDOT must set individual ACDBE goals specific to each airport, which ranged from 1 percent to 15 percent for non-car rental concessions at the time of this report. For most of its airports, HDOT has a goal of 1 percent for car rental concessions. Lanai Airport has no revenue-generating concessions and therefore HDOT is not required to set ACDBE goals for that airport.⁴

Establishing base figures for non-car rental concessions. As with calculating overall DBE goals, determining a base figure is the first step to calculating an overall annual goal for ACDBE participation in airport concessions.

- Keen Independent conducted a statewide survey of firms providing the types of goods and services involved in airport concessions. The study team determined whether firms were interested in airport concessions on which islands. This allowed the study team to build a database of firms interested in different types of airport concessions at each airport in Hawaii and identify those that are current or potential ACDBEs. The survey also asked if the firm was minority- or women-owned.
- The study team determined availability for each type of concession at each airport by dividing the number of ACDBEs by the total number of firms available for that concession on that island. For example, if there were 50 current or potential ACDBEs out of 100 firms determined to be available for a particular type of airport concession on that island, the calculation would be $50 \div 100 = 50\%$.
- After determining the percentage of the gross receipts that might be generated by an ACDBE for each type of concession or individual concession agreement at an airport, Keen Independent added the ACDBE projections and divided that sum by the total projected gross receipts for all concessions at the airport. These calculations are described in detail in Chapter 13 of this report.
- Keen Independent took into account current long-term concessions that would still be in place at an airport during the time of the future goal.

⁴ HDOT does not anticipate having any revenue-generating concessions at Lanai Airport for FFY 2020 through FFY 2022, so ACDBE goals will not be needed for this period.

Based on those analyses, Keen Independent calculated the following overall availability figures for each airport's ACDBE participation:

- Honolulu International Airport: 7.72 percent;
- Kahului Airport: 12.25 percent;
- Kona International Airport: 10.52 percent;
- Hilo International Airport: 17.89 percent;
- Lihue Airport: 10.00 percent; and
- Molokai Airport: 0.00 percent.

Potential adjustments to calculate the overall ACDBE goal for each airport. As with the Federal DBE Program, HDOT must consider potential step 2 adjustments to its base figures when it determines its overall annual ACDBE goals.

- The second column of Figure ES-6 presents results if no adjustment to the base figure is made.
- The third column of Figure ES-6 shows the goals if HDOT made a step 2 adjustment based on actual ACDBE participation in recent years (similar to the types of step 2 adjustments for DBE goals shown in Figures ES-3 and ES-4.⁵

Portion of ACDBE goals to be met through neutral measures. As with calculating DBE goals, HDOT must project the portion of ACDBE goal it expects to meet through (a) race- and gender-neutral means, and (b) race- and gender-conscious programs (if any).

Results of the utilization and disparity analyses. Chapter 6 of this report examines utilization of minority- and women-owned firms as concessionaires on agreements with and without ACDBE contract goals. For airport concessions contracts without goals, participation of minority- and women-owned firms was much higher than those where ACDBE goals applied.

HDOT should review the information about utilization and availability of minority- and women-owned firms for airport concessions in Chapters 5 and 6 when considering the extent to which it can meet its overall ACDBE goals through neutral measures. HDOT should also examine and analysis of marketplace conditions presented in Chapter 7 and Appendices E through J, as well as other information it may have.

⁵ For Hilo Airport, the base figure was equivalent to median ACDBE participation for FFY 2014 through FFY 2018, so no adjustment was needed. For Molokai Airport both the base figure and median past ACDBE participation are 0 percent, so no base figure adjustment is needed based on demonstrated capacity of ACDBEs.

Figure ES-6.

Information for HDOT consideration concerning potential overall ACDBE goals and projections of race-neutral participation for FAA-funded contracts at HDOT airports

Component of overall DBE goal	Current or previous goal	New goal projection	
		Base figure	With step 2 adjustment
Honolulu International Airport			
Overall goal	7.00 %	7.72 %	7.82 %
Neutral projection	- 1.00	- 7.72	- 7.82
Race-conscious projection	6.00 %	0.00 %	0.00 %
Kahului Airport			
Overall goal	13.00 %	12.25 %	11.99 %
Neutral projection	- 1.00	- 12.25	- 11.99
Race-conscious projection	12.00 %	0.00 %	0.00 %
Kona International Airport			
Overall goal	11.00 %	10.52 %	6.02 %
Neutral projection	- 11.00	- 10.52	- 6.02
Race-conscious projection	0.00 %	0.00 %	0.00 %
Hilo International Airport			
Overall goal	15.00 %	17.89 %	N/A
Neutral projection	- 9.00	- 17.89	N/A
Race-conscious projection	6.00 %	0.00 %	N/A
Lihue Airport			
Overall goal	11.00 %	10.00 %	9.88 %
Neutral projection	- 11.00	- 10.00	- 9.88
Race-conscious projection	0.00 %	0.00 %	0.00 %
Molokai Airport			
Overall goal	1.00 %	1.00 %	N/A
Neutral projection	- 1.00	- 1.00	N/A
Race-conscious projection	0.00 %	0.00 %	N/A

Source: Keen Independent analysis.

New small business goals program for concessions. If HDOT’s goals are in the range presented in Figure ES-6, it might be appropriate for HDOT to design and promote a new Airport Concessions Small Business Enterprise (ACSBE) goals program for individual airport concessions to achieve its overall ACDBE goals.

- In this program, HDOT would set ACSBE goals instead of ACDBE goals for certain concessions agreements. Monitoring of ACSBE participation for those agreements would follow what is now done for ACDBEs.
- HDOT would certify firms as ACSBEs in the same way it certifies companies as ACDBEs, except they would not need to be owned and controlled by minorities or women. All current ACDBEs in Hawaii would automatically qualify as ACSBEs.

An ACSBE concessions goals program for HDOT airports might be effective in encouraging minority- and women-owned business participation if it were widely promoted in advance of new concessions agreements, coupled with further unbundling of HDOT's concessions agreements and technical assistance for current and potential ACDBEs.

Figure ES-6 presents projections of neutral participation if HDOT were to operate a solely race-neutral ACDBE program.

Establishing ACDBE Goals and Projections for Airport Car Rental Concessions

Because HDOT reported that there are no ACDBEs available to perform car rental concessions in Hawaii, it has set goals of 1 percent or less for each airport for each of the years studied.

Base figure analysis. As there are no ACDBEs that provide airport car rental services in Hawaii, HDOT has attempted to reach these goals through purchases of goods and services from DBEs. HDOT typically sets overall goals of 1 percent for car rental concessions.

Potential step 2 adjustments. HDOT has reported no ACDBE or DBE participation related to airport car rental concessions in recent years and HDOT reports no ACDBE availability for airport car rental concessions in the state. There is no information in the Availability and Disparity Study that would indicate any step 2 adjustment for HDOT's ACDBE goals for car rental concessions at HDOT airports.

Keen Independent did identify availability of small minority- and women-owned businesses that supply a wide range of goods and services in Hawaii. There is information from the study to expect some ACDBE participation in supplying those goods and services to car rental concessions at HDOT airports. However, the study team did not receive comprehensive data on goods and services purchases by airport car rental concessions that would allow quantification of these goals.

Projection of neutral attainment. If HDOT strongly encouraged car rental concessions to reach out to DBEs and encourage their current minority- and women-owned suppliers and service providers to become DBE-certified, it could likely achieve all of its goals related to car rental concessions solely through neutral means.

Public Participation Process

Keen Independent and HDOT implemented an extensive public participation process as part of the 2019 Availability and Disparity Study, which continues through completion of the full report.

Activities through December 2019. Public participation from the beginning of the study through December 2019 included the following:

- An External Stakeholder Group that met with the study team and HDOT;
- A study website that posted information from the beginning of the study as well as a telephone hotline and dedicated email address for anyone wishing to comment, including after release of the draft Availability Study report on summer 2019;

- Surveys of company owners and managers to provide information about their businesses and any perceived barriers in the marketplace; and
- In-depth personal interviews with business owners, trade associations and others throughout the state.

Through these methods, the study team received information from more than 190 businesses and other groups across Hawaii.

Keen Independent published a draft report for public comment before finalizing the July 2019 Availability Study report. In July 2019, HDOT held public meetings concerning the draft Availability Study report and the preliminary overall DBE goals that HDOT proposed to FHWA and FAA. Keen Independent presented study results at each meeting. In addition to providing verbal comments at the public meetings/focus groups, the public was able to review the draft report and proposed DBE goals and give feedback through the study website, via email and through regular mail.

Keen Independent incorporated information from the public meetings/focus groups into the final Availability Study report. In addition, HDOT reviewed this information when finalizing its proposed overall DBE goals calculations for submission to FHWA and FAA in August 2019.

Activities related to the draft 2019 Availability and Disparity Study report, revised DBE goals and proposed new overall DBE and ACDBE goals. Before finalizing the Availability and Disparity Study report, Keen Independent published a draft report for public comment. The study team distributed the draft report and HDOT published its proposed overall DBE and ACDBE goals in early February 2020. The public was able to provide input through the following means:

- a. In person or via video conference at a February 24, 2020 meeting;
- b. Online at www.keenindependent.com/hdotdisparitystudy2019;
- c. Via email at HDOTdisparitystudy2019@keenindependent.com; or
- d. Through regular mail to HDOT Office of Civil Rights, 200 Rodgers Boulevard, Honolulu, HI 96819.

HDOT held a public meeting concerning the study and its proposed goals on February 24, 2020. The meeting was held in person in Honolulu and via remote viewing at district offices on Maui, Kauai and Hawaii Island.

Keen Independent incorporated into the final report feedback received through mid-March (including at the public meeting). Keen Independent and HDOT then prepared final documents for submission to USDOT concerning HDOT's proposed overall DBE goals for FHWA-, FTA- and FAA-funded contracts and overall goals for participation of ACDBEs at HDOT airports.