

AIRPORT CONCESSION DISADVANTAGED BUSINESS ENTERPRISE (ACDBE) PROGRAM GOAL METHODOLOGY

The State of Hawaii, Department of Transportation, Airports Division (DOTA) hereby submits its proposed annual, overall Airport Concession Disadvantaged Business Enterprise (ACDBE) goals for Ellison Onizuka Kona International Airport at Keahole (KOA) for federal fiscal years (FFY) 2022 through 2024 to the Federal Aviation Administration pursuant to 49 CFR Part 23. The Federal ACDBE Program requires separate goals for (1) non-car rental concessions and (2) car rental concessions. DOTA's ACDBE goals for small hub airports for FFYs 2022 through 2024 are as follows.

The overall ACDBE goals are based on information on current airport concessions and their associated revenue as well as data regarding ready, willing, and able ACDBEs relative to all businesses currently ready, willing, and able to participate on The State of Hawaii, Department of Transportation (HDOT) airport concessions. There may be additional concessions added at KOA within the period of the goal that might lead DOTA to further update its overall ACDBE goal for that airport.

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. DOTA intends to meet the overall ACDBE goals, to the maximum extent feasible through race-neutral measures identified in the Disparity Study.

NON-CAR RENTAL CONCESSIONS

The overall goal for non-car rental concessions at KOA will be 8.3%, with the entire goal being achieved through race neutral (RN) programs. DOTA began the process of determining its overall ACDBE goal by establishing base figures for ACDBE participation in HDOT's airport concessions. DOTA used the two-step process 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 for FFY 2022-2024 (Attachment 1)
2. State of Hawaii Certified ACDBE Directory. (There are 41 certified ACDBEs listed in the Directory.)
3. The total non ACDBE firms per North American Index Industry Classification System (NAICS) for the Hawaii County. NAICS classifies business establishments for the purpose of collecting, analyzing, and publishing statistical data related to the

U.S. economy. The NAICS industry codes define establishments based on the type of activities in which they are primarily engaged.

4. ACDBE Availability from Hawaii County. This ACDBE availability was determined by dividing the number of certified ACDBEs in Hawaii, by the number of all (non-ACDBE) firms per NAICS in Hawaii County.
5. ACDBE Availability based on NAICS in Hawaii County. This ACDBE availability was determined by dividing the number of certified ACDBEs in Hawaii County by number of all firms listed in the NAICS (specific to industry).
6. Weighted Percentage of Revenue by Concession Opportunity. This percentage was derived by dividing the total gross revenues for each concession opportunity by the total gross revenue projected for all the non-rental car concessions (Attachment 1).
7. Weighted Availability. This percentage is derived by multiplying the ACDBE availability by the Weighted Percentage of Revenue by Concession Opportunity.

Based on the factors above, the base figure or total weighted availability = 1.44%
(Attachment 2)

Step 2: Adjusting the Base Figure

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

1. Previous ACDBE accomplishments at KOA:

Federal Fiscal Year	Concession Gross Receipts w/o RAC	ACDBE Gross Receipts	Percentage
2020	\$10,014,558	\$115,124	1.15%
2019	\$19,539,470	\$220,606	1.13%
2018	\$18,827,401	\$285,887	1.52%
2017	\$16,269,155	\$46,403	0.29%
2016	\$10,710,467	\$4,361,807	40.72%

Median ACDBE Participation Percentage = 1.13%

2. Public Participation:

No comments were solicited from stakeholders due to COVID-19.

Proposal & Analysis

The HDOTA proposes an overall ACDBE goal of 8.3% for KOA, for Federal Fiscal Years 2022-2024, formulated with the following rationale below:

1. The base figure = 15.49%
2. Median past participation level = 1.13%
3. An average of the factors above provides us with a realistic and logical method of establishing our overall ACDBE goal. The average of these numerical indicators equates to approximately $(15.49 + 1.13 / 2) = 8.3\%$

Breakout of Estimated Race-Neutral and Race-Conscious Participation

DOTA expects to meet the 8.3% goal through RN means. DOTA will utilize the following race-neutral means to increase ACDBE participation shall be used:

1. Structuring concession activities to encourage and facilitate ACDBE participation.
2. Informing all certified DBEs/ACDBEs in the State of 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 print and electronic means, to the widest feasible universe of potential concessionaires and management services.

Outreach Efforts

As mentioned above, there are currently 41 certified ACDBEs in the Hawaii State Directory. Outreach in the form of training workshops will continue to be scheduled to provide technical assistance on certification to prospective ACDBEs, and to disseminate information regarding the ACDBE joint venture guidance. Further, we will 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.

CAR RENTAL CONCESSIONS

DOTA reported that there are no ACDBEs available to perform car rental concessions in Hawaii and for this reason, DOTA has set goals of 1% for FFY 2022-2024. There are no ACDBEs that provide airport car rental services in Hawaii, so DOTA has attempted to reach these goals through purchases of goods and services from DBEs. DOTA has typically set overall goals of 1% for car rental concessions.

Comprehensive data on all the goods and service purchases made by airport car rental concessions did not appear to be producible from DOTA records until 2019. In 2019, DOTA achieved a .87% Car Rental ACDBE RN goal through goods and services. In 2020, DOTA achieved a .33% Car Rental ACDBE RN goal through goods and services. DOTA now has data related to goods and services in Hawaii car rental concessions to support DOTA’s goal of at least 1% for car rental concessions. (See attachment 3)

In accordance with 49 CFR Part 23, the goal and methodology are explained below:

1. Gross Revenues projected during FFY 2022-2024 are as follows:

FFY 2022	\$ 123,064,587
FFY 2023	\$ 126,756,525
FFY 2024	<u>\$ 130,559,220</u>
Total:	\$ 380,380,332

2. The average gross receipts from the previous 5 years were used to create a projected total for FFY 2022-2024 (See attachment 3) and a 1% RN estimated ACDBE goods and services were used for each year.

3. Previous Car Rental Concessions at KOA:

Federal Fiscal Year	Car Rental Concession Gross Receipts	ACDBE Goods and services	Percentage
2020	\$77,441,406	\$285,243	0.33%
2019	\$142,698,747	\$1,414,945	0.87%
2018	\$139,030,041	\$0	0%
2017	\$131,177,278	\$0	0%
2016	\$124,975,463	\$0	0%

Proposal & Analysis

DOTA proposes an overall ACDBE participation goal of 1% for KOA, for FFY 2022-2024. DOTA will continue to utilize RN means of facilitating Car Rental ACDBE participation while attempting to obtain ACDBE participation. The RN efforts listed above in the non-car rental concession methodology shall be used. KOA will attempt to attain the 1% goal through goods and services.

NON CAR RENTAL CONCESSIONS - Ellison Onizuka Kona International Airport

Goal Period:	FY 2022 (10/1/21 to 9/30/22)		FY 2023 (10/1/22 to 9/30/23)		FY 2024 (10/1/23 to 9/30/24)	
Business Type:	Estimated Gross Receipts	Estimated DBE Gross Receipts	Estimated Gross Receipts	Estimated DBE Gross Receipts	Estimated Gross Receipts	Estimated DBE Gross Receipts
Restaurant/Beverages	\$ 5,723,292.40	\$ 858,493.86	\$ 5,894,991.17	\$ 884,248.68	\$ 6,071,840.91	\$ 910,776.14
Lunchwagon	\$ 5,252.33	\$ -	\$ 5,409.90	\$ -	\$ 5,572.20	\$ -
Automobile Parking	\$ 3,019,950.80	\$ -	\$ 3,110,549.32	\$ -	\$ 3,203,865.80	\$ -
Newsstand	\$ 1,509,292.20	\$ -	\$ 1,554,570.97	\$ -	\$ 1,601,208.09	\$ -
Retail	\$ 4,674,629.00	\$ -	\$ 4,814,867.87	\$ -	\$ 4,959,313.91	\$ -
ATM	\$ 6,100.80	\$ -	\$ 6,283.82	\$ -	\$ 6,472.34	\$ -
TOTAL	\$ 14,938,517.53	\$ 858,493.86	\$ 15,386,673.06	\$ 884,248.68	\$ 15,848,273.25	\$ 910,776.14

CONCESSION OPPORTUNITY	State of Hawaii Certified ACDBE's	Total non ACDBE Firms per NAICS in County of Hawaii	ACDBE AVAILABILITY BASED ON NAICS (County of Hawaii)	WEIGHTED PERCENTAGE OF REVENUES BY CONCESSION OPPORTUNITY	WEIGHTED AVAILABILITY
Restaurant/Beverages	5	355	1.41%	38.30%	0.54%
Lunchwagon	0	7	0.00%	0.00%	0.00%
Automobile Parking	3	5	60.00%	20.20%	12.12%
Newstand	1	4	25.00%	10.10%	2.53%
Retail	3	308	0.97%	31.30%	0.30%
ATM	0	17	0.00%	0.00%	0.00%
					15.49%

CAR RENTAL CONCESSIONS - Ellison Onizuka Kona International Airport

Goal Period:	FY 2022 (10/1/21 to 9/30/22)		FY 2023 (10/1/22 to 9/30/23)		FY 2024 (10/1/23 to 9/30/24)	
Business Type:	Estimated Gross Receipts	Estimated DBE Gross Receipts	Estimated Gross Receipts	Estimated DBE Gross Receipts	Estimated Gross Receipts	Estimated DBE Gross Receipts
Goods & Services	\$ 123,064,587.00	\$ 1,230,645.87	\$ 126,756,524.61	\$ 126,756,524.61	\$ 130,559,220.35	\$ 1,305,592.20
	\$ 123,064,587.00	\$ 1,230,645.87	\$ 126,756,524.61	\$ 126,756,524.61	\$ 130,559,220.35	\$ 1,305,592.20
FFY 2016 total gross rcpts.	\$ 124,975,463.00					
FFY 2017 total gross rcpts.	\$ 131,177,278.00					
FFY 2018 total gross rcpts.	\$ 139,030,041.00					
FFY 2019 total gross rcpts.	\$ 142,698,747.00					
FFY 2020 total gross rcpts.	\$ 77,441,406.00					
FFY 2016 ACDBE Amount	\$ -					
FFY 2017 ACDBE Amount	\$ -					
FFY 2018 ACDBE Amount	\$ -					
FFY 2019 ACDBE Amount	\$ 1,414,945.00					
FFY 2020 ACDBE Amount	\$ 285,243.00					