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# San Diego International Airport

Proposed  
Airport Concession Disadvantaged Business Enterprise  
(ACDBE)

## Goal-Setting Methodology

For  
Federal Fiscal Years 2018, 2019, and 2020  
(Period Covered: October 1, 2017 – September 30, 2020)

**Race- & Gender Neutral Goal: 18.3%**

**Race- & Gender-Conscious Goal: 0%**

## San Diego International Airport

### Airport Concession Disadvantaged Business Enterprise (ACDBE) Program

#### **Overall ACDBE Goal Setting Methodology**

**FFY 2018-2020**

The San Diego County Regional Airport Authority hereby submits the three-year Airport Concession Disadvantaged Business Enterprise (ACDBE) goal for Federal Fiscal Years 2018-2020.

The enclosed concession goals are submitted pursuant to 49 Code of Federal Regulations Part 23. This concession report will include the following:

- Overall ACDBE Non-Car Rental Goal for a three-year period commencing October 1, 2017 and ending September 30, 2020 for all concessions excluding car rental
- Overall ACDBE Car Rental Goal for a three-year period commencing October 1, 2017 and ending September 30, 2020 for car rentals

## **SECTION I      OVERALL AIRPORT CONCESSION DISADVANTAGED BUSINESS ENTERPRISE (ACDBE) NON-CAR RENTAL GOAL FOR FFY 2018-2020**

### **A. Amount of Goal**

The San Diego County Regional Airport Authority's ("the Authority") overall Non-Car Rental goal for ACDBE participation in concessions at the San Diego International Airport (excluding car rental concessions) during the period beginning October 1, 2017 and ending September 30, 2020 (federal fiscal years 2018, 2019, and 2020) is proposed at 18.3% of the Airport's total concession revenue.

### **B. Potential Goal Methodologies from 49 CFR Part 23**

49 CFR Part 23.51 states, in part, as follows:

Your objective in setting a goal is to estimate the percentage of the base calculated under §§ 23.47–23.49 that would be performed by ACDBEs in the absence of discrimination and its effects.

This percentage is the estimated ACDBE participation that would occur if there were a "level playing field" for firms to work as concessionaires for your airport.

49 CFR Part 23.51 further provides for a two-step process, consisting of:

Step 1. You must begin your goal setting process by determining a base figure for the relative availability of ACDBEs.

And

Step 2. Once you have calculated a base figure, you must examine all relevant evidence reasonably available in your jurisdiction to determine what adjustment, if any, is needed to the base figure in order to arrive at your overall goal.

The regulation provides the following examples of potential approaches for accomplishing Step 1, determining the base figure, as follows:

- (1) Use DBE Directories and Census Bureau Data. Determine the number of ready, willing and able ACDBEs in your market area from your ACDBE directory. Using the Census Bureau's County Business Pattern (CBP) data base, determine the number of all ready, willing and able businesses available in your market area that perform work in the same NAICS codes. Divide the number of ACDBEs by the number of all businesses to derive a base figure for the relative availability of ACDBEs in your market area.

- (2) Use an Active Participants List. Determine the number of ACDBEs that have participated or attempted to participate in your airport concessions program in previous years. Determine the number of all businesses that have participated or attempted to participate in your airport concession program in previous years. Divide the number of ACDBEs who have participated or attempted to participate by the number for all businesses to derive a base figure for the relative availability of ACDBEs in your market area.
- (3) Use data from a disparity study. Use a percentage figure derived from data in a valid, applicable disparity study.
- (4) Use the goal of another recipient. If another airport or other DOT recipient in the same, or substantially similar, market has set an overall goal in compliance with this rule, you may use that goal as a base figure for your goal.
- (5) Alternative methods. (i) You may use other methods to determine a base figure for your overall goal. Any methodology you choose must be based on demonstrable evidence of local market conditions and be designed to ultimately attain a goal that is rationally related to the relative availability of ACDBEs in your market area.

### **C. Proposed Goal Methodology**

We propose to use an Alternative Method for calculating the three-year ACDBE Non-Car Rental goals for FFY 2018 – 2020. Our proposed goal will be based on a weighted consolidation of contract goals that have been set for contracts currently in place and continuing throughout the three-year goal period plus goals set for upcoming opportunities when appropriate as described below.

### **D. Concession Contracts Continuing Throughout the Three-Year Goal Period**

Concession contracts that will be continuing through this three-year goal period generate 68.4% of total non-car rental concession gross receipts. The Overall ACDBE Non-Car Rental Goal calculations for FFYs 2012-2014 (the period when goals for most continuing contracts were set is attached as Appendix A) as these concessions were being solicited at that time. A goal of 21.8% for Food/Beverage and 22.0% for News/Gift and Retail Concessions was set based on the methodology described in the FFY 2012-2014 goal report. The airport subsequently entered into eight (8) separate agreements for Food/Beverage operations, eight (8) separate agreements for Gift/News/Retail operations and one (1) agreement for Duty Free Retail operations. These agreements commenced on December 1, 2012 and expire between November 2019 and February 2025. We anticipate that the current contract goals will continue through the three-year period and will make adjustments to the goal if necessary when the current agreements near expiration and new goal

analyses are conducted. With respect to the Duty Free, the Airport is currently constructing a new FIS facility. Completion is expected in mid to late 2018. The Duty Free concession will be resolicited due to the relocation of all duty free operations to the new facility. We will conduct a goal analysis prior to finalization, however we do not anticipate setting a goal for the Duty Free Concession as it will be a single unit operation and there is only one ACDBE duty free operator in the CUCP directory.

- (1) **Food/Beverage** – Eight (8) separate Food/Beverage concession leases were awarded in 2012, each with 10-year terms (contract commencement 12/1/12, terminations between January 2021 and February 2025). As described above, a goal analysis was conducted prior to solicitation of the concession leases and an overall race-neutral ACDBE goal of 21.8% was established for Food/Beverage operations at the Airport. This goal will continue for the duration of the awarded Food/Beverage leases.
- (2) **ATM/Banking** – This concession is currently leased to a national bank and will expire in December 2020, after the three-year goal period ends. Based on this, there was no ACDBE goal set for this concession as the Federal Reserve lists only one (1) minority-owned bank in San Diego County and the California Unified Certification Program Directory lists no DBE or ACDBE certified commercial banks in the state.
- (3) **Passenger Lounge** – A passenger lounge location was awarded to Swissport in January 2014 and will continue until December 2023. In accordance with 49 CFR part 26.51(e)(1), as referenced by 49 CFR part 23.25(e)(1)(iv), an ACDBE goal was not set for this concession because the nature of the contract does not provide opportunities for subcontracting.
- (4) **City Brochures** – The City Brochures concession does not expire until December 2020. This concession lease generated approximately \$20,000 in 2016. In accordance with 49 CFR part 26.51(e)(1), as referenced by 49 CFR part 23.25(e)(1)(iv), an ACDBE goal was not be set for this concession because the size and nature of the contract does not provide viable opportunities for subcontracting.
- (5) **Shoeshine** – The Shoeshine concession was set to expire in August 2020, however the existing contract was terminated early and was recently re-solicited. An ACDBE goal was not set for this concession, as the gross receipts are less than \$200,000 and there is not a viable opportunity for subleasing. The new agreement will expire in September 2022.

#### **E. Concession Contracts Expiring During This Goal Period**

The following is a summary of concession contracts expiring during the goal period. The total gross revenues for these concessions are 31.6% of total concession gross

revenues. The majority of these agreements are small and do not provide subcontracting opportunities and therefore contain no ACDBE goal. Information for each expiring concession is found below.

- (1) **Retail/Duty Free** – Nine (9) separate Retail concession leases, including one (1) Duty Free Retail lease, were awarded in 2012 and expire on varying dates between November 2019 and November 2020). One retail concession was awarded in February 2017 and will expire in January 2022. A goal analysis was conducted prior to solicitation of the concession leases and an overall race-neutral ACDBE goal of 22.0% was established for Retail operations at the Airport. This goal will continue for the duration of the awarded Retail leases. A goal analysis will be conducted when the first expiring contracts are resolicited in late 2019, however for purposes of the current three-year overall goal, we are assuming the goal will continue at 22.0% for the duration of this goal period. If this is not the case when the first contracts are solicited, we will update this document.
- (2) **In-Terminal Advertising** – The In-Terminal Advertising concession was awarded in 2012 and expires in June 2018. An ACDBE goal was set at 0.0% for the current agreement. A goal analysis will be conducted when the contract is resolicited, however for purposes of the current three-year overall goal, we are assuming the goal will continue to be 0.0%. If this is not the case when the contract is solicited, we will update this document.
- (3) **Luggage Carts** – The Luggage Cart concession was awarded in January 2014 and will expire in December 2018. A goal was not set for the contract because there were no ACDBE firms in this trade at the time that the goal was set. A goal analysis will be conducted when the contract is resolicited, however for purposes of the current three-year overall goal, we are assuming the goal will continue at 0.0%. If this is not the case when the contract is solicited, we will update this document.
- (4) **Foreign Currency Exchange** – The Foreign Currency Exchange concession will expire in December 2017. An ACDBE goal was set at 0.0% for the current agreement. A goal analysis will be conducted when the contract is resolicited, however for purposes of the current three-year overall goal, we are assuming the goal will continue to be 0.0%. If this is not the case when the contract is solicited, we will update this document.
- (5) **Vending Machines** – The Vending Machine concession is currently on a month-to-month term. The current agreement does not contain an ACDBE goal. A goal analysis will be conducted when the contract is resolicited, however for purposes of the current three-year overall goal, we are assuming the goal will continue to be 0.0%. If this is not the case when the contract is solicited, we will update this document.

(6) **Pre-Paid Credit/Debit Cards** – The Pre-Paid Credit/Debit Cards concession will expire in February 2018 and generates approximately \$50,000 annually. In accordance with 49 CFR part 26.51(e)(1), as referenced by 49 CFR part 23.25(e)(1)(iv), an ACDBE goal was not set for this concession because the size and nature of the contract does not provide viable opportunities for subcontracting. We anticipate that this will continue with no goal throughout the three-year period.

**F. Cumulative Estimated Gross Revenues and ACDBE Gross Revenues for Each Year in the Three-Year Goal Period and the Total Three-Year period**

Based on the above detailed description of each concession at the airport, including concessions expiring during the three-year goal period and new concessions to be developed during the goal period, we have estimated gross revenues for each concession for each year and weighted and consolidated the data to develop the overall three-year goal.

The following tables contain the estimated gross revenues, estimated ACDBE gross revenues and ACDBE goal for each of the three federal fiscal years covered in the goal period and for the total three-year goal period.

<b>Table 1. Concession Revenues/Goals - FFY 2018</b>			
<b>Concession</b>	<b>Estimated Gross Revenue</b>	<b>ACDBE % Goal</b>	<b>ACDBE Goal \$</b>
Food/Beverage	\$77,880,446	21.80%	\$16,977,937
ATM/Banking	\$310,587	0.00%	\$0
Passenger Lounge	\$2,630,322	0.00%	\$0
Shoeshine	\$196,946	0.00%	\$0
<i>Subtotal Continuing Contracts</i>	<i>\$81,018,301</i>	<i>20.96%</i>	<i>\$16,977,937</i>
Retail Merchandise/Duty Free	\$46,460,570	22.00%	\$7,704,338
In-Terminal Advertising	\$2,630,322	0.00%	\$0
Luggage Cart	\$606,601	0.00%	\$0
Foreign Currency Exchange	\$43,743	0.00%	\$0
City Brochures	\$21,969	0.00%	\$0
Vending Machines	\$252,607	0.00%	\$0
<i>Subtotal Contracts to be Re-Solicited</i>	<i>\$50,015,813</i>	<i>15.40%</i>	<i>\$7,704,338</i>
<b>Total Concessions</b>	<b>\$131,034,114</b>	<b>18.84%</b>	<b>\$24,682,275</b>

<b>Table 2. Concession Revenues/Goals - FFY 2019</b>			
<b>Concession</b>	<b>Estimated Gross Revenue</b>	<b>ACDBE % Goal</b>	<b>ACDBE Goal \$</b>
Food/Beverage	\$80,995,664	21.80%	\$17,657,055
ATM/Banking	\$323,010	0.00%	\$0
Passenger Lounge	\$2,735,535	0.00%	\$0
Shoeshine	\$204,824	0.00%	\$0
<i>Subtotal Continuing Contracts</i>	<i>\$84,259,033</i>	<i>20.96%</i>	<i>\$17,657,055</i>
Retail Merchandise/Duty Free	\$48,318,993	22.00%	\$8,012,512
In-Terminal Advertising	\$2,735,535	0.00%	\$0
Luggage Cart	\$630,865	0.00%	\$0
Foreign Currency Exchange	\$45,493	0.00%	\$0
City Brochures	\$22,848	0.00%	\$0
Vending Machines	\$262,711	0.00%	\$0
<i>Subtotal Contracts to be Re-Solicited</i>	<i>\$52,016,446</i>	<i>15.40%</i>	<i>\$8,012,512</i>
<b>Total Concessions</b>	<b>\$136,275,479</b>	<b>18.84%</b>	<b>\$25,669,566</b>

<b>Table 3. Concession Revenues/Goals - FFY 2020</b>			
<b>Concession</b>	<b>Estimated Gross Revenue</b>	<b>ACDBE % Goal</b>	<b>ACDBE Goal \$</b>
Food/Beverage	\$84,235,490	21.80%	\$18,363,337
ATM/Banking	\$335,931	0.00%	\$0
Passenger Lounge	\$2,844,957	0.00%	\$0
Shoeshine	\$213,017	0.00%	\$0
<i>Subtotal Continuing Contracts</i>	<i>\$87,629,394</i>	<i>20.96%</i>	<i>\$18,363,337</i>
Retail Merchandise/Duty Free	\$50,251,753	22.00%	\$8,333,012
In-Terminal Advertising	\$2,844,957	0.00%	\$0
Luggage Cart	\$656,100	0.00%	\$0
Foreign Currency Exchange	\$47,313	0.00%	\$0
City Brochures	\$23,762	0.00%	\$0
Vending Machines	\$273,219	0.00%	\$0
<i>Subtotal Contract to be Re-Solicited</i>	<i>\$54,097,104</i>	<i>15.40%</i>	<i>\$8,333,012</i>
<b>Total Concessions</b>	<b>\$141,726,498</b>	<b>18.84%</b>	<b>\$26,696,349</b>



<b>Table 4. Concessions Revenues/Goals - FFY 2018 - 2020</b>			
<b>Concession</b>	<b>Estimated Gross Revenue</b>	<b>ACDBE % Goal</b>	<b>ACDBE Goal \$</b>
Food/Beverage	\$243,111,599	21.80%	\$52,998,329
ATM/Banking	\$969,528	0.00%	\$0
Passenger Lounge	\$8,210,815	0.00%	\$0
Shoeshine	\$614,788	0.00%	\$0
<i>Subtotal Continuing Contracts</i>	<i>\$252,906,729</i>	<i>20.96%</i>	<i>\$52,998,329</i>
Retail Merchandise/Duty Free	\$145,031,316	22.00%	\$24,049,862
In-Terminal Advertising	\$8,210,815	0.00%	\$0
Luggage Cart	\$1,893,567	0.00%	\$0
Foreign Currency Exchange	\$136,549	0.00%	\$0
City Brochures	\$68,580	0.00%	\$0
Vending Machines	\$788,537	0.00%	\$0
<i>Subtotal Contract to be Re-Solicited</i>	<i>\$156,129,363</i>	<i>15.40%</i>	<i>\$24,049,862</i>
<b>Total Concessions</b>	<b>\$409,036,092</b>	<b>18.84%</b>	<b>\$77,048,190</b>

#### **G. Overall Weighted Base ACDBE Goal**

Using the above information, the Authority has calculated a weighted ACDBE base goal of 18.84% for FFYs 2018-2020. The base figure for the overall ACDBE goal was calculated by taking the ACDBE estimated three-year gross revenues value of \$77.0 million and dividing it by the total estimated three-year gross revenues value of \$409.0 million.

$$\$77,048,190 \div \$409,036,092 = 18.84\%$$

## **H. STEP 2: ADJUSTMENTS**

The ACDBE regulation provides for a Step 2 adjustment of the developed base goal for a variety of factors, including the current capacity of ACDBEs to perform work in the concession program, as measured by the volume of work ACDBEs have performed in recent years. We have reviewed the ACDBE achievement for the most recent three years to provide for an adjustment of the base goal as follows:

Actual Past History of ACDBE Participation			
YEAR	TOTAL GROSS REVENUES	ACDBE GROSS REVENUES	ACDBE %
2016	\$120,174,600	\$21,377,347	17.79%
2015	\$109,636,827	\$17,088,669	15.59%
2014	\$96,229,798	\$26,963,821	18.27%

Base goal of 18.84% + Median ACDBE Participation (2014-2016) of 17.79% = 36.63%

$$36.63\% \div 2 = 18.31\%$$

There is no other relevant data to support an adjustment to the base goal. Therefore, the proposed overall ACDBE goal for the three-year period commencing October 1, 2017 and ending September 30, 2020 is 18.3%.

***Proposed Overall Three Year Goal for FFY 2018-2020 = 18.3%***

## **I. NEW OPPORTUNITIES**

If a new concession opportunity arises prior to the end of this goal period and the estimated average of annual gross revenues are anticipated to be \$200,000 or greater, the Authority will submit an appropriate adjustment to the overall goal. This will be submitted to FAA for approval prior to executing the new concession agreement. (23.45(i)).

## **SECTION II OVERALL ACDBE CAR RENTAL GOAL SETTING METHODOLOGY**

The Airport Authority had no car rental companies located on airport until January 2016. A goal for the purchases of goods and services by car rental facilities and the consolidated Rental car facility operator was set prior to execution of the agreements. The goal was set at 2.4%. A copy of the goal analysis for the rental car concession goal is attached as Appendix B.

### **SECTION III UTILIZATION OF RACE/GENDER NEUTRAL & RACE/GENDER CONSCIOUS**

The Airport Authority has a race-neutral ACDBE Program at this time. All goals set for contracts operating during the three-year period covering FFY 2018-2020 have been set as race and gender neutral goals as the Authority has not conducted a Disparity Study and does not have sufficient evidence of discrimination upon which to base race conscious goals. The Authority may use the following race-neutral measures to facilitate ACDBE participation.

1. Locating and identifying ACDBEs and other small businesses who may be interested in participating as concessionaires under 49 CFR Part 23;
2. Notifying ACDBEs of concession opportunities and encouraging them to compete, when appropriate;
3. When practical, structuring concession activities so as to encourage and facilitate the participation of ACDBEs;
4. Providing technical assistance to ACDBEs in overcoming limitations, such as inability to obtain bonding or financing;
5. Ensuring that competitors for concession opportunities are informed during pre-solicitation meetings about how the sponsor's ACDBE program will affect the procurement process;
6. Providing information concerning the availability of ACDBE firms to competitors to assist them in obtaining ACDBE participation; and
7. Establishing a business development program (see 49 CFR Part 26.35); technical assistance program or taking other steps to foster ACDBE participation in concessions.

### **SECTION IV PUBLIC PARTICIPATION AND CONSULTATION**

The proposed ACDBE Non-Car Rental goal will also be shared at a Stakeholder's Meeting held on September 28, 2017.

Additional information and details to be added to this section prior to submission. Invitees to be listed, results to be provided.

## Appendix A. Tables from FFY 2012 -2014 Goal Methodology.

The following tables provide information on the ACDBE percentages used during the FFY 2012-2014 Goal Methodology referenced in this document.

<b>Table 5</b> <b>Food &amp; Beverage and Merchandise Adjustment</b> <b>FFY 12 – 14 Goal Period</b>					
Category	ACDBE Percentage from Tables 6/7	# of Firms vs. Revenue Generation Ratio	Adjusted ACDBE Percentage (Col A x Col B)	Past ACDBE Performance	Average Between Adjusted and Past Performance <u>Col. C + Col D</u> <u>2</u>
	Column A	Column B	Column C	Column D	Column E
Food & Beverage	43.4%	51.1 %	22.2%	21.3 %	21.8
Merchandise	56.6%	23.3%	13.2%	30.7%	22.0

<b>Table 6 – Adjusted Availability: Food &amp; Beverage</b> <b>(Based on Active Participant List (APL))</b> <b>FFY 12 – 14 Goal Period</b>					
Identified Potential Concepts	NAICS Description	NAICS Code	% from APL	Est. Gross Revenue	ACDBE Gross
Casual Dining Restaurant	Full-service restaurant	722110	36.1%	\$11.9	\$4.30
Bar w/ Food	Drinking places (alcoholic beverages)	722410	41.2%	\$12.7	\$5.2
Gourmet Coffee w/ or without prepared foods and/or baked goods & Snack Food	Snack and nonalcoholic beverage bars	722213	55.0%	\$8.8	\$4.8
Gourmet Food Market	All other specialty food stores	445299	0.0%	\$1.9	\$0
Quick Service Restaurant & Café/Bistro	Limited-service restaurants	722211	48.0%	\$23.2	\$11.1
<b>Total Food &amp; Beverage</b>				<b>\$58.5</b>	<b>\$25.4</b>
<b>\$25.4 Million ÷ \$58.5 Million = 43.4%</b>					

**Table 7 – Adjusted Availability: Merchandise  
(Based on Active Participant List (APL))  
FFY 12 – 14 Goal Period**

Identified Potential Concepts	NAICS Description	NAICS	% from APL	Est. Gross Revenue	ACDBE Gross
Newsstand and Sundries	News dealers and newsstands	451212	60.0%	\$24.1	\$14.5
Spa Service	Other personal care services	812199	0.0%	\$1.3	\$0.0
Travel Items and Locally Themed Concept	Other general merchandise stores	452990	33.3%	\$1.3	\$.4
Electronics & Gadgets	Radio, television, and other electronics stores	443112	0.0%	\$2.7	\$0
Bookstore	Book stores	451211	57.1%	\$4.5	\$2.6
Apparel	Clothing and clothing accessories stores	448000	58.3%	\$1.8	\$1.0
Accessories and Leather Goods	Luggage and leather goods stores	448320	20.0%	\$1.3	\$.3
Sports Merchandise and Apparel	Sporting goods stores	445110	33.3%	\$.8	\$.3
Jewelry	Jewelry stores	448310	60.0%	\$1.2	\$.7
Children's Gifts and Toys	Hobby, toy, and game stores	451120	25.0%	\$.6	\$.2
Candy	Confectionery and nut stores	445292	50.0%	\$.3	\$.2
<b>Total Merchandise</b>				<b>\$35.7</b>	<b>\$20.2</b>
<b>\$20.2 Million ÷ \$35.7 Million = 56.6%</b>					

**Table 8  
Concessions Opportunities During the FFY 12 – 14 Goal Period**

CATEGORY	ESTIMATED AVERAGE ANNUAL VALUE (in millions)	ACDBE %	ACDBE VALUE (in millions)
Food & Beverage	\$56.9	21.8%	\$12.4
Merchandise	\$39.3	22.0%	\$8.6
Advertising	\$2.70	0%	\$0.06
Luggage Carts	\$.3	0%	\$0.0

Appendix B. Car Rental Goal Methodology.



## **San Diego International Airport**

Airport Concession Disadvantaged Business  
Enterprise (ACDBE)  
Car Rental Goal Setting Methodology

For  
Federal Fiscal Years 2018, 2019, and 2020

(Goal Period: October 1, 2017 – September 30, 2020)

(Originally prepared for new contracts  
commencing 1/1/2016)

**Race- & Gender-Neutral Goal: 2.4%**

**Race- & Gender-Conscious Goal: 0.0%**

# San Diego International Airport

## Airport Concession Disadvantaged Business Enterprise (ACDBE) Program

### **ACDBE Car Rental Goal Setting Methodology**

#### **FFY 2018-2020**

The San Diego County Regional Airport Authority has completed the initial review process for its Airport Concession Disadvantaged Business Enterprise (ACDBE) Car Rental goal for Federal Fiscal Years 2015-2017. Note: the ACDBE goal for car rentals became effective when the car rental concessions moved into the consolidated car rental facility in January 2016. There were no car rental concessions located on airport property prior to this date.

The enclosed concession goals are submitted pursuant to 49 Code of Federal Regulations ("CFR") Part 23. This concession report will include the following:

- Overall ACDBE Car Rental Goal for a three-year period commencing on the date of beneficial occupancy of the consolidated car rental center and ending September 30, 2020 for car rentals

Per the goal requirements found in 49 CFR Part 23.41, San Diego International Airport has not previously had annual car rental concession revenues, and was therefore not required to submit a goal for car rental concessions.

- Utilization of Race/Gender-Neutral and Race/Gender-Conscious Methods

## **SECTION I      OVERALL AIRPORT CONCESSION DISADVANTAGED BUSINESS ENTERPRISE (ACDBE) CAR RENTAL GOAL FOR FFY 18-20**

### **A. Amount of Goal**

San Diego International Airport, operated by the San Diego County Regional Airport Authority, had not, prior to January 2016, had car rental concessions located on airport property. All car rental operations were previously located off-airport. In early 2016, the Airport opened its new consolidated rental car center and numerous car rental concessions moved onto airport property. The Airport has awarded contracts to operate in the new facility to 10 car rental companies, representing 15 brands. The car rental companies subcontract certain operations and maintenance activities of the consolidated rental car center to Conrac Solutions, a third-party operator.

The San Diego County Regional Airport Authority's ("the Authority") overall car rental goal for ACDBE participation in car rental concessions at the San Diego International Airport during the period beginning on October 1, 2017 and ending September 30, 2020 is 2.4% of the total goods and services of car rental concessions at the Airport. The following will provide information regarding how the current goal was set. This goal will be continuing throughout the FFY 2018-2020 goal period.

### **B. Potential Goal Methodologies from 49 CFR Part 23**

49 CFR Part 23.51 states, in part, as follows:

Your objective in setting a goal is to estimate the percentage of the base calculated under §§ 23.47–23.49 that would be performed by ACDBEs in the absence of discrimination and its effects.

(1) This percentage is the estimated ACDBE participation that would occur if there were a "level playing field" for firms to work as concessionaires for your airport.

(2) In conducting this goal setting process, you are determining the extent, if any, to which the firms in your market area have suffered discrimination or its effects in connection with concession opportunities or related business opportunities.

(3) You must complete the goal-setting process separately for each of the two overall goals identified in §23.41 of this part.



(b) (1) Each overall concessions goal must be based on demonstrable evidence of the availability of ready, willing and able ACDBEs relative to all businesses ready, willing and able to participate in your ACDBE program (hereafter, the “relative availability of ACDBEs”).

(2) You cannot simply rely on the 10 percent national aspirational goal, your previous overall goal, or past ACDBE participation rates in your program without reference to the relative availability of ACDBEs in your market.

(3) Your market area is defined by the geographical area in which the substantial majority of firms which seek to do concessions business with the airport are located and the geographical area in which the firms which receive the substantial majority of concessions-related revenues are located. Your market area may be different for different types of concessions.

49 CFR Part 23.51 further provides for a two-step process, consisting of:

Step 1. You must begin your goal setting process by determining a base figure for the relative availability of ACDBEs.

Step 2. Once you have calculated a base figure, you must examine all relevant evidence reasonably available in your jurisdiction to determine what adjustment, if any, is needed to the base figure in order to arrive at your overall goal.

In accordance with the regulation regarding ACDBE participation in Airport Concessions, we conducted research to determine an appropriate ACDBE goal for the car rental concession operations, including subcontracted opportunities through Conrac Solutions, a third-party operator. The methodology for setting the goals is included in this report.

### **C. Goal Methodology**

Given the fact that there were no ACDBE car rental companies servicing the airport at the time that the goal was set, and only one ACDBE car rental company is listed in the California Unified Certification Program DBE/ACDBE directory for the relevant geographic region, we have elected to base the Car Rental ACDBE goal on the purchase of goods and services from ACDBE or potential/ACDBE firms. The regulation provides for counting ACDBE participation for car rentals as follows:

### **§ 23.53 How do car rental companies count ACDBE participation toward their goals?**

(a) As a car rental company, you may, in meeting the goal the airport has set for you, include purchases or leases of vehicles from any vendor that is a certified ACDBE.

(b) As a car rental company, if you choose to meet the goal the airport has set for you by including purchases or leases of vehicles from an ACDBE vendor, you must also submit to the recipient documentation of the good faith efforts you have made to obtain ACDBE participation from other ACDBE providers of goods and services.

(c) While this part does not require you to obtain ACDBE participation through direct ownership arrangements, you may count such participation toward the goal the airport has set for you.

(d) The following special rules apply to counting participation related to car rental operations:

(1) Count the entire amount of the cost charged by an ACDBE for repairing vehicles, provided that it is reasonable and not excessive as compared with fees customarily allowed for similar services.

(2) Count the entire amount of the fee or commission charged by a ACDBE to manage a car rental concession under an agreement with the concessionaire toward ACDBE goals, provided that it is reasonable and not excessive as compared with fees customarily allowed for similar services.

(3) Do not count any portion of a fee paid by a manufacturer to a car dealership for reimbursement of work performed under the manufacturer's warranty.

(e) For other goods and services, count participation toward ACDBE goals as provided in part 26, §26.55 and §23.55 of this part. In the event of any conflict between these two sections, §23.55 controls.

(f) If you have a national or regional contract, count a pro-rated share of the amount of that contract toward the goals of each airport covered by the contract. Use the proportion of your applicable gross receipts as the basis for making this pro-rated assignment of ACDBE participation.

Example to paragraph (f): Car Rental Company X signs a regional contract with an ACDBE car dealer to supply cars to all five airports in a state. The five airports each account for 20 percent of X's gross receipts in the state. Twenty percent of the value of the cars purchased through the ACDBE car dealer would count toward the goal of each airport.

#### **D. Market Area**

Based on the types of goods/services purchased by the rental car companies (e.g. auto repair, insurance, fuel, etc.), we have determined that the market area for the purchase of goods and services, with the exception of vehicle purchases, is the State of California. This was determined through an evaluation of purchases of goods and services made by those rental car companies who will be operating at the airport and who submitted purchase reports. The geographic region for the purchase of vehicles appears to vary depending on the operator with some purchasing locally and others from various other areas of the country, including from manufacturers. We will, therefore, use a national geographic region for vehicle purchases.

#### **E. Goal-Setting Step 1**

The regulation provides the following examples of potential approaches for accomplishing Step 1, determining the base figure, as follows:

23.51(c) Step 1. You must begin your goal setting process by determining a base figure for the relative availability of ACDBEs. The following are examples of approaches that you may take toward determining a base figure. These examples are provided as a starting point for your goal setting process. Any percentage figure derived from one of these examples should be considered a basis from which you begin when examining the evidence available to you. These examples are not intended as an exhaustive list. Other methods or combinations of methods to determine a base figure may be used, subject to approval by the FAA.

(1) Use DBE Directories and Census Bureau Data. Determine the number of ready, willing and able ACDBEs in your market area from your ACDBE directory. Using the Census Bureau's County Business Pattern (CBP) data base, determine the number of all ready, willing and able businesses available in your market area that perform work in the same NAICS codes. Divide the number of ACDBEs by the number of all businesses to derive a base figure for the relative availability of ACDBEs in your market area.

2) Use an Active Participants List. Determine the number of ACDBEs that have participated or attempted to participate in your airport concessions program in previous years. Determine the number of all businesses that have participated or attempted to participate in your airport concession program in previous years. Divide the number of ACDBEs who have participated or attempted to participate by the number for all businesses to derive a base figure for the relative availability of ACDBEs in your market area.

(3) Use data from a disparity study. Use a percentage figure derived from data in a valid, applicable disparity study.

(4) Use the goal of another recipient. If another airport or other DOT recipient in the same, or substantially similar, market has set an overall goal in compliance with this rule, you may use that goal as a base figure for your goal.

(5) Alternative methods. (i) You may use other methods to determine a base figure for your overall goal. Any methodology you choose must be based on demonstrable evidence of local market conditions and be designed to ultimately attain a goal that is rationally related to the relative availability of ACDBEs in your market area.

We have examined each alternative. Our findings for each are as follows:

- 1) The utilization of DBE Directories and data from the Census Bureau yields the results found on Table 1.

The most recent available census bureau data at the time that the goal was set was for 2013. The trades analyzed were determined through a survey of car rental concessionaires who will be operating on- airport. The results are shown on the chart below.

<b>Table 1 – U.S. Census / California Unified Certification Program Directory</b>				
Description	NAICS	Census	Directory	DBE/ACDBE %
Accounting	541211	7287	32	0.4%
Asset Recovery	561491	103	0	0.0%
Auto Body Repair	811121	3998	10	0.3%
Auto Parts	423120	2061	6	0.3%
Auto Repair	811111	9035	10	0.1%
Auto Transport	484230	624	21	3.4%
Backflow Testing	238220	8530	78	0.9%
Background Checks	541612	909	83	9.1%
Building Security	561621	764	21	2.7%
Car Dealerships <sup>1</sup>	441110	21390	4	0.02%
Car Wash Maintenance	423850	481	11	2.3%
Cleaning Supplies	423850	481	11	2.3%
Computer Support/Materials	423430	1775	22	1.2%
Concrete Maintenance	238110	1670	152	9.1%

<b>Table 1 – U.S. Census / California Unified Certification Program Directory</b>				
<b>Description</b>	<b>NAICS</b>	<b>Census</b>	<b>Directory</b>	<b>DBE/ACDBE %</b>
Consulting	541611	8216	552	6.7%
Delivery Svc	492110	988	6	0.6%
Device Repair & Maintenance	811211	206	0	0.0%
Door Maintenance/Repair	236220	4232	260	6.1%
Drug Testing	621999	512	3	0.6%
Electrical	238210	7446	169	2.3%
Elevator Maintenance	238290	585	20	3.4%
Equipment Rental (GPS)	532210	354	1	0.3%
Fire Safety	423990	1617	36	2.2%
Fire Suppression	423990	1617	36	2.2%
First Aid	424210	1845	0	0.0%
Fuel/Oil/Energy	424720	184	7	3.8%
Fuel Maintenance	333911	51	0	0.0%
GPS Devices	334220	193	4	2.1%
Grounds Maintenance	561730	7772	69	0.9%
HVAC Maintenance	238220	8530	78	0.9%

<b>Table 1 – U.S. Census / California Unified Certification Program Directory</b>				
<b>Description</b>	<b>NAICS</b>	<b>Census</b>	<b>Directory</b>	<b>DBE/ACDBE %</b>
Insurance	524210	13756	22	0.2%
Janitorial Services	561720	4966	99	2.0%
Keys/Locks	561622	442	1	0.2%
Legal Services	541110	21956	20	0.1%
Luggage Carts/Wheelchairs	423450	1205	12	1.0%
Marketing <sup>2</sup>	N/A	N/A		
Office Expense	424120	649	11	1.7%
Pest Control	561710	1604	8	0.5%
Plumbing	238220	8530	78	0.9%
Printing	323111	2370	9	0.4%
Roadside Assistance	488410	1198	6	0.5%
Security	561621	764	21	2.7%
Signage	323111	2370	9	0.4%
Tires	423130	293	2	0.7%
Towing	488410	1198	6	0.5%
Windshield Repair	811122	548	1	0.2%
Uniform Cleaning	812331	111	3	2.7%
Uniforms	812331	111	3	2.7%
Utilities	N/A	N/A		
Miscellaneous <sup>3</sup>	N/A	N/A		

<sup>1</sup>Car dealership ACDBE availability is based on a national geographic region using the DBE-Connect database.

<sup>2</sup>Marketing is through ads in various publications and through the airport advertising concessionaire, airlines, etc.

<sup>3</sup>Miscellaneous contains categories of purchases not eligible for ACDBE participation (e.g. State licensing costs, traffic tickets, vehicle registration, rents paid, etc.)

Weighting the reported car rental company purchases by the calculated availability is shown below in Table 2:

<b>Table 2 – Weighted ACDBE Availability (Based on Directory/Census)</b>				
<b>Description</b>	<b>NAICS</b>	<b>Total (A)</b>	<b>DBE/ACDBE % (B) [From Table</b>	<b>DBE/ACDBE \$ (A X B)</b>
Accounting	541211	\$60,433	0.4%	\$242
Asset Recovery	561491	\$6,825	0.0%	\$0
Auto Body Repair	811121	\$624,685	0.3%	\$1,874
Auto Parts	423120	\$182,562	0.3%	\$548
Auto Repair	811111	\$4,119,806	0.1%	\$4,120
Backflow Testing	238220	\$9,600	0.9%	\$86
Background Checks	541612	\$1,572	9.1%	\$143
Building Security	561621	\$10,200	2.7%	\$275
Car Wash Maintenance	423850	\$310,647	2.3%	\$7,145
Cleaning Supplies	423850	\$28,616	2.3%	\$658
Computer Support/Materials	423430	\$78,891	1.2%	\$947
Concrete Maintenance	238110	\$434,190	9.1%	\$39,511
Consulting	541611	\$109,829	6.7%	\$7,359
Delivery Svc	492110	\$29,995	0.6%	\$180
Device Repair &	811211	\$22,200	0.0%	\$0
Door Maintenance/Repair	236220	\$56,350	6.1%	\$3,437
Drug Testing	621999	\$342	0.6%	\$2
Electrical	238210	\$126,100	2.3%	\$2,900
Elevator Maintenance	238290	\$389,190	3.4%	\$13,232
Equipment Rental (GPS)	532210	\$3,793	0.3%	\$11
Fire Safety	423990	\$20,000	2.2%	\$440
Fire Suppression	423990	\$12,000	2.2%	\$264
First Aid	424210	\$194	0.0%	\$0
Fuel Maintenance	333911	\$65,444	0.0%	\$0
Fuel/Oil/Energy	424720	\$11,016,435	3.8%	\$418,625
GPS Devices	334220	\$48,773	2.1%	\$1,024
Grounds Maintenance	561730	\$103,900	0.9%	\$935
HVAC Maintenance	238220	\$127,600	0.9%	\$1,148
Insurance	524210	\$1,873,453	0.2%	\$3,747
Janitorial Services	561720	\$788,847	2.0%	\$15,777
Keys/Locks	561622	\$3,422	0.2%	\$7
Legal Services	541110	\$40,641	0.1%	\$41
Luggage Carts/Wheelchairs	423450	\$9,000	1.0%	\$90
Marketing	N/A	\$105,571	0.0%	\$0
Miscellaneous	N/A	\$6,245,858	0.0%	\$0

<b>Table 2 – Weighted ACDBE Availability (Based on Directory/Census)</b>				
<b>Description</b>	<b>NAICS</b>	<b>Total (A)</b>	<b>DBE/ACDBE % (B) [From Table</b>	<b>DBE/ACDBE \$ (A X B)</b>
Office Expense	424120	\$67,105	1.7%	\$1,141
Pest Control	561710	\$9,000	0.5%	\$45
Plumbing	238220	\$12,000	0.9%	\$108
Printing	323111	\$11,503	0.4%	\$46
Roadside Assistance	488410	\$11,040	0.5%	\$55
Security	561621	\$162,596	2.7%	\$4,390
Signage	323111	\$6,000	0.4%	\$24
Tires	423130	\$1,416,410	0.7%	\$9,915
Towing	488410	\$96,337	0.5%	\$482
Transport (Auto)	484230	\$1,396,853	3.4%	\$47,493
Uniform Cleaning	812331	\$2,436	2.7%	\$66
Uniforms	812331	\$41,726	2.7%	\$1,127
Utilities	N/A	\$2,006,980	0.0%	\$0
Windshield Repair	811122	\$49,043	0.2%	\$98
<b>Total (Excluding Vehicle Purchases)</b>		<b>\$32,355,992</b>	<b>1.8%</b>	<b>\$589,758</b>
Vehicle Purchases		\$65,744,628	0.02%	\$13,149

The result obtained by weighting the ACDBE availability (based on the calculations provided in Table 1) by the dollar amount of purchases anticipated for each trade is  
1.8% for non-vehicle purchases and .02% for vehicle purchases.

The result of the census/directory calculation is lower than anticipated. We believe that the reason for this is that few companies have applied for certification since the airports in the relevant geographic regions have not set race-conscious ACDBE goals for car rental concessions. In addition, the census information lists all firms in the trade while the directory information lists only those firms that have taken the initiative and time to apply for certification.

- 2) The second example provided by the regulation is to use an active participants list. We have attempted to collect information from the car rental concessionaires relating to current participants. The information collected is insufficient to rely on for goal-setting based on an active participants list.
- 3) The third example provided by the regulation is to use data from a disparity study. There is currently no disparity study for car rental concessions for the relevant geographic region.



4) The fourth example provided is to use the goal of another DOT recipient.

We have collected information from other airports that operate consolidated car rental centers similar to the facility that will be operated at San Diego International Airport.

Results are as follows, refer to Table 3:

<b>Table 3 – Car Rental Concession Goals at Other Airports with a Consolidated Car Rental Facility</b>	
<b>Airport</b>	<b>Car Rental ACDBE Goal</b>
Baltimore-Washington International Thurgood Marshall Airport	0.00%
Chicago O'Hare International Airport	0.00%
Cleveland Hopkins International Airport	0.00%
McCarran International Airport Las Vegas	0.00%
T.F. Green Airport Providence	0.00%
Miami International Airport	1.60%
Seattle-Tacoma International Airport	2.00%
Dallas/Fort Worth International Airport	3.75%
George Bush Intercontinental Airport Houston	3.75%
Phoenix Sky Harbor International Airport	3.75%
Fort Lauderdale-Hollywood International Airport	4.80%
New York Liberty International Airport	5.00%
Hartsfield-Jackson Atlanta International Airport	6.00%

The median goal of the above airports is 2.0%.

#### **F. Summary of Data Collected Per Methodology**

<b>Table 4 – Summary of Data</b>		
<b>Methodology</b>	<b>Result</b>	<b>Comments</b>
Directory/Census	.002% for vehicle purchases, 1.8% for other purchases	Directory data is not comprehensive. Census data is over-inclusive, containing all firms operating in the NAICS code, not necessarily ready, willing and able to perform the contract.
Active Participants List	N/A	Data collected from car rental firms includes firms who are not certified and does not include a comprehensive accounting of non-ACDBE firms.
Disparity Studies	N/A	No disparity studies that include the applicable trades have been identified for the relevant geographic region.
Other Airports	2.0% median	Other airports with consolidated car rental facilities were surveyed

Based on the information above, we believe that the DBE/ACDBE Directory / Census Bureau approach as outlined in the regulation is the best approach for developing a base goal.

**We therefore propose the base goal at 1.8% for non-vehicle purchases and .02% for vehicle purchases.**

**G. Step 2 - Examine the data to determine what adjustment, if any, is needed to the Base Figure**

We attempted to review the past history of ACDBE participation in the rental car concessions that will be operating on the airport. The information provided by the rental car companies indicates participation by ACDBEs/Minority Business Enterprises (MBEs)/Women Business Enterprises (WBEs) ranging from 0.0% to 20.5%. ACDBE participation in vehicle purchases for those reporting is 14.9%. We believe that this may be overstated since only seven (7) rental car companies reported total vehicle purchases and one of the seven reported ACDBE participation at 32.6% for vehicle purchases. Nevertheless, it is apparent based on the current data collected that an adjustment to the goal should be made for vehicle purchases. Vehicle purchases were reported for only 7 of the 15 rental car companies participating. The remaining rental car companies did not provide vehicle purchase data but indicated that they were unable to purchase from ACDBE firms either because they purchase from manufacturers or because they do not believe that there are any ACDBE firms. Assuming that the remaining rental car companies do not purchase from ACDBE firms, we propose to adjust the reported purchases from ACDBEs to 46.6% (7/15) of the reported 14.9%. The result is  $14.9\% \times 46.6\% = 6.9\%$ . We do not have sufficient information to adjust the goal for non-vehicle purchases; therefore we propose to use the base goal of 1.8% for non-vehicle purchases.

Adjusting the base goal for past history for vehicle purchases results in the following:

$$\begin{aligned} \text{Base Goal (.02\%)} + \text{Adjusted Past History (6.9\%)} &= 6.9\% \\ 6.9\% \div 2 &= 3.5\% \end{aligned}$$

Weighting the vehicle and non-vehicle purchases to determine an overall goal results on the following:

Table 5 – Weighted Adjusted Goal				
	\$ (refer to Table 2)	%	(x) Goal %	Weighted Goal %
Total Non-Vehicle	\$114,005,564	63.6%	1.8%	1.1%
Vehicle Purchases	\$65,324,469	36.4%	3.5%	1.3%
Total Purchases	\$179,330,033	100.0%		2.4%

**Based on the above, we propose the ACDBE goal for car rental concessions at 2.4%.**

### **SECTION III UTILIZATION OF RACE/GENDER NEUTRAL & RACE/GENDER CONSCIOUS**

The Airport Authority has a race-neutral ACDBE Program at this time. All goals set for contracts operating during the three-year period covering FFY 2018-2020 have been set as race and gender neutral goals.

#### **Outreach Efforts**

The following outreach activities are undertaken by specific staff to encourage ACDBE participation in all concession opportunities:

1. Small Business Development staff maintain ongoing lists of interested car rental companies, both ACDBEs and non ACDBEs. These lists are utilized as part of outreach efforts for specific car rental opportunities.
2. Small Business Development staff advertise upcoming car rental opportunities through e-mail blasts and aviation trade associations and organizations.
3. Airport staff hold various Opportunity Awareness or Outreach events to promote car rental goods and services opportunities throughout the year. In January, 2015, car rental companies participated in a specific ACDBE Car Rental Opportunity Awareness event to promote the upcoming opportunities as SAN.
4. The Airport expanded its Financing Assistance Program to assist small rental car companies with collateral to meet the lease requirements.
5. The Airport President and CEO as well as the DBE/ACDBE Liaison Officer promote ACDBE participation through regular community based organization, trade association and other relevant meetings throughout the year.

## SECTION IV PUBLIC PARTICIPATION AND CONSULTATION

In accordance with the consultation requirements of 49 CFR Part 23, stakeholders in the Authority's market area were consulted to review the ACDBE goal setting methodology prior to submitting it to the FAA for approval. Stakeholders include but were not limited to: minority and women business groups, community organizations, trade associations representing concessionaires currently located at airports, existing car rental concessionaires, and other officials or organizations which could have been expected to have information concerning the availability of disadvantaged businesses, the effects of discrimination on opportunities for ACDBEs, and the Authority's efforts to increase participation of ACDBEs.

The Public Notice was posted on the Authority's bulletin board on June 12, 2015 announcing:

- The goal and its rationale were available for viewing during normal business hours for 30 days following the date of the notice at the Authority's Office and on the Authority's website at [www.san.org/smallbusiness](http://www.san.org/smallbusiness)
- The Authority accepted comments on the goals for 45 days from the date of the notice which concludes on July 26, 2015
- Written comments on the goal methodology were requested to the following address:

San Diego County Regional Airport Authority  
P.O. Box 82776,  
San Diego, CA 92138-2776  
Attention: Sonia G. Cruz, DBELO

The ACDBE Car Rental goal was shared at the Authority's quarterly Car Rental Industry meeting on May 27, 2015. Comments were accepted and revision made to the goal at that time.

The Public Notice was sent electronically on June 12, 2015 to approximately 40 contacts that are considered stakeholders as described above.

The Public Notice was circulated in the following publications:

- San Diego Union Tribune
- San Diego Voice and Viewpoint
- La Prensa
- The Filipino Press
- Asia Media July 2015 edition