**Overall Goal Calculation for Car Rental Concessions FY 2023-25**

Name of Recipient: **Tri-Cities Airport**

Goal Period: **FY 2023-25 (10/1/2022 through 9/30/2025)**

Overall Three-Year Goal: **5.3%, to be accomplished through 0.0% Race Conscious and 5.3% Race Neutral**

**Goal Based on Goods and Services Purchases - Determination**

Upon review of the market, it appears that all or most of the goal is likely to be met through the purchases by car rental companies of vehicles or other goods/services from ACDBEs. This is due to the fact that no certified ACDBE car rental companies exist within the market. As such, Tri-Cities Airport has structured the goal entirely in terms of the purchases of goods and services.

We determined the goal based on outreach for the purchases of goods and services from certified ACDBE firms and/or potential ACDBE firms in the market area. This basis is in lieu of a goal based upon a percentage of total gross receipts of car rental operations at the airport. We will make a good faith effort to pursue opportunities to meet the goods and services goal. We will continue to consult and work with the State DOT & UCP, our car rental concessionaires at the airport, similarly situated airports in our region, minority and women businesses in the State, minority serving institutions, local pro-business organizations, and targeted media publications to find prospective ACDBE firms. We will work with our car rental companies to strategize outreach to State DOT & UCP certified ACDBEs that may be able to provide car rental goods and services, to encourage current vendors who may be eligible for ACDBE certification to apply, and to encourage firms already working at the airport but certified as ACDBE in other states, to apply via the interstate certification process. The State DOT & UCP is aware of this requirement and is on board to assist and process certifications as required by 49 CFR Subpart C.

We have the following car rental agencies operating at the airport:  Enterprise, Alamo-National, Hertz-Dollar, Avis-Budget

After collaboration and discussion with Tri-Cities Airport, car rental company concessionaires at the airport stated that the goods and services they may need in the goal period are: oil change services, auto repair and damage services, office supplies, insurance services, tires, cleaning supplies, locksmith services, glass/window repair, water/soda, paper supplies, gasoline, auto supplies, packaged goods, printing services, drug testing, first aid, legal services, delivery services, business consulting, roadside assistance

**Market Area**

The market area is the geographical area in which the substantial majority of firms which seek to do concessions business with the airport are located and in which the firms which receive the substantial majority of concessions-related revenues are located.

Tri-Cities Airport has determined that its market area is the local region, the state of Washington and the national US.

**Base of the goal**

To calculate the base of the goal, Tri-Cities Airport considered the previous 3 years of car rental expenditures/purchases and the projected potential car rental expenditures/purchases three years into the future.

Car Rental Companies Goods and Services Purchases for Previous 3 Years

|  |  |  |
| --- | --- | --- |
| **Year** | **Car Rental Companies Goods and Services Purchases** | **Increase/Decrease** |
| 2020 | $421,579 |   |
| 2021 | $528,732 | 25% |
| 2022 | $650,000 | 23% |
|   | Average Increase: | 24% |

Tri-Cities Airport estimates expenditures will grow by an average of 7% each year over the next three years due to inflation is at 9%, costs are higher, projecting a reduction of that high over the next three years, so estimating a 6% increase for the last two years.

|  |  |  |
| --- | --- | --- |
| **Year** | **Annual Growth / Reduction Estimate** | **Annual Gross Receipts Estimate** |
| 2023 | 9% | $708,500 |
| 2024 | 6% | $751,010 |
| 2025 | 6% | $796,071 |
| Three-Year Total Gross Receipts: | $2,255,581 |
| Average Annual Growth Rate: | 7% |

$708,500 + $751,010 + $796,071 = **$2,255,581** which is the recipient's base of goal for car rental goods and services purchases.

The following are not included in this base: (a) non-car rental operations.

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 Tri-Cities Airport will submit to the FAA an appropriate adjustment to the overall goal. This will be submitted to FAA for approval no later than 90 days before issuing the solicitation for the new concession opportunity. (23.45(i))

**Step 1 - Actual Relative Availability of ACDBEs - §23.51 (c)**

We determined the base figure for the relative availability of ACDBEs for car rental goods and services purchases. The base figure was calculated as follows:

|  |  |
| --- | --- |
| Numerator: | Ready, willing, and able non-car rental ACDBEs in the market area |
|  |  |
|   | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_divided by\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
|  |  |
| Denominator: | All ready, willing and able non-car rental concession firms in the market area |
|  |  |

The data source(s) used in the calculation included:

* Recipient's Active Participant Lists were obtained from the Census Website for the total number of firms.  The Washington State Office of Minority and Women's Business Enterprises website was used to obtain the number of minority businesses.  All certifications were used, rather than just ACDBE certifications.
* State UCP Data showing the number of ACDBEs that are certified within the market area were found at https://omwbe.wa.gov/directory-certified-businesses
* Census Bureau Data (https://data.census.gov/cedsci/)

The calculation and explanation for this is as follows:

|  |
| --- |
|  |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Concession Activity** | **NAICS** | **# ACDBE Certified Firms** | **# Total Firms** | **% Availability** |
| Asset Recovery | 561491 | 0 | 14 | 0.0% |
| Auto Body Repair | 811121 | 5 | 700 | 0.7% |
| Auto Supplies/Parts | 423120 | 3 | 243 | 1.2% |
| Auto Transport | 484230 | 5 | 257 | 1.9% |
| Background Checks | 541612 | 19 | 206 | 9.2% |
| Business Support Services | 561990 | 50 | 343 | 14.6% |
| Car Dealerships | 44110 | 0 | 448 | 0.0% |
| Consulting | 541511 | 148 | 1646 | 9.0% |
| Delivery Services | 492110 | 5 | 224 | 2.2% |
| Drug Testing | 621999 | 11 | 65 | 16.9% |
| Equipment Rental | 532210 | 0 | 69 | 0.0% |
| First Aid Supplies | 424210 | 7 | 213 | 3.3% |
| Gas | 424720 | 7 | 36 | 19.4% |
| Glass Install | 811122 | 1 | 198 | 0.5% |
| Insurance | 524210 | 11 | 2662 | 0.4% |
| Janitorial/Cleaning Supplies | 424690 | 13 | 168 | 7.7% |
| Legal Services | 541110 | 13 | 3636 | 0.4% |
| Locksmith | 561622 | 3 | 89 | 3.4% |
| Office Supplies | 424120 | 6 | 168 | 3.6% |
| Oil Disposal | 562910 | 40 | 165 | 24.2% |
| Packaged Goods | 424490 | 8 | 376 | 2.1% |
| Printing Services | 323111 | 26 | 293 | 8.9% |
| Roadside Assistance | 488410 | 2 | 289 | 0.7% |
| Tire Repair/Other | 811198 | 0 | 40 | 0.0% |
| Tires | 423130 | 1 | 41 | 2.4% |
| Average ACDBE Availability: | 5.3% |

When we calculated the average availability we arrived at the Step 1 base figure for our overall goal for car rental concessions of **5.3%**.

**Step 2 Adjustment**

After calculating a base figure of the relative availability of ACDBEs, we examined evidence to determine what adjustment was needed to the Step 1 base figure in order to arrive at the overall goal. There is not enough historical data on ACDBE participation is available to reference to make an adjustment to the Step 1 base figure; therefore, Tri-Cities Airport is adopting the Step 1 base figure of **5.3%** as the overall goal for this three-year goal period (FY 2023-25).

**Step 2 Adjustment**

After calculating a base figure of the relative availability of ACDBEs, we examined evidence to determine what adjustment was needed to the Step 1 base figure in order to arrive at the overall goal. The data used to determine the adjustment to the base figure was the historic ACDBE Participation achievements.

Past History Participation

|  |  |  |  |
| --- | --- | --- | --- |
| **FY** | **Race Conscious (%)** | **Race Neutral (%)** | **Total Achievement (%)** |
| FY 19 | 0.0% | 3.0% | 3.0% |
| FY 20 | 0.0% | 6.0% | 6.0% |
| FY 21 | 0.0% | 6.3% | 6.3% |

Arranging this historical data from low to high (3.01%, 6%, 6.28%), the median is **6.0%**, which is our Step 2 figure.

Step 1 Base averaged with historical median: **(5.3% + 6.0%) / 2 = 5.7%**

To arrive at an overall goal, the Step 1 base figure was added to the Step 2 adjustment figure and the total was averaged, arriving at an overall goal of **5.7%**. Tri-Cities Airport believes this adjusted goal accurately reflects ACDBE participation that can be achieved for the types of concession activities at the airport during this three-year goal period (FY 2023-25).

**Step 2 Adjustment**

After calculating a base figure of the relative availability of ACDBEs, we examined evidence to determine what adjustment was needed to the Step 1 base figure in order to arrive at the overall goal. There is not enough historical data on ACDBE participation is available to reference to make an adjustment to the Step 1 base figure; however, Tri-Cities Airport feels it can achieve a slightly higher ACDBE goal during the 3-year period because additional ACDBE firms are expected to be certified in the market area. Therefore, Tri-Cities Airport is increasing its Step 1 base figure of **5.3%** by **[AdditionalACDBEGoal]%** for a total overall goal of **5.7%** for FY 2023-25.

We feel this adjusted goal figure will accurately reflect ACDBE non-car rental concession participation that can be achieved during this three-year goal period (FY 2023-25).

**Step 2 Adjustment**

After calculating a base figure of the relative availability of ACDBEs, we examined evidence to determine what adjustment was needed to the Step 1 base figure in order to arrive at the overall goal. We are using data from a valid, applicable disparity study to adjust the Step 1 goal (a disparity study was not used for ACDBE availability data in Step 1). Therefore, Tri-Cities Airport is increasing its Step 1 base figure of **5.3%** by **[AdditionalACDBEGoal]%** for a total overall goal of **5.7%** for FY 2023-25.

We feel this adjusted goal figure will accurately reflect ACDBE non-car rental concession participation that can be achieved during this three-year goal period (FY 2023-25).

**Step 2 Adjustment**

[Fill in your own narrative here for the Step 2 adjustment approach.]

**Step 2 Adjustment**

The Step 1 goal is under **1.0%**; therefore we are adjusting the goal upward to **1.0%** based on potential outreach efforts to certified ACDBEs.

**Breakout of Estimated “Race and Gender Neutral” (RN) and “Race and Gender Conscious” (RC) Participation**

Tri-Cities Airport will make every reasonable effort to meet the maximum feasible portion of its overall goal by using race-neutral means of facilitating ACDBE participation. The airport will use the following race-neutral measures.

We understand that we will be expected to actually take these steps, and this is not merely a paper exercise.

- Locate and identify ACDBEs and other small businesses who may be interested in participating as concessionaires under 49 CFR Part 23

- Notify ACDBEs of concession opportunities and encouraging them to compete, when appropriate

- When practical, structure concession activities so as to encourage and facilitate the participation of ACDBEs

- Provide technical assistance to ACDBEs in overcoming limitations, such as inability to obtain bonding or financing

- Ensure that competitors for concession opportunities are informed during pre-solicitation meetings about how the sponsor's ACDBE program will affect the procurement process

- Provide information concerning the availability of ACDBE firms to competitors to assist them in obtaining ACDBE participation

- Establish a business development program (see 49 CFR Part 26.35); technical assistance program or taking other steps to foster ACDBE participation in concessions

- [Fill in your own narrative for the RN measures.]

If race-neutral measures, standing alone, are not sufficient to meet an overall goal, the following race-conscious measures will be used to meet the overall goal:

- Establish concession-specific ACDBE goals for particular concession opportunities.

- Negotiate with potential concessionaires to include ACDBE participation through direct ownership arrangements or measures, in the operation of the concession.

- With prior FAA approval, we will use other methods that take a competitor's ability to provide ACDBE participation into account in awarding a concession. [Explain the RC methods that will be used.]

- There will be no ACDBE concession goals or Tri-Cities Airport is a Ninth Circuit recipient. [Edit this section and header as needed.]

Tri-Cities Airport estimates that, in meeting the overall goal of 5.3%, it will obtain 5.3% from race-neutral participation and 0.0% through race-conscious measures. The reason for the breakout is that Tri-Cities Airport has not been able to achieve its goal in recent past years and will use ACDBE concession goals to achieve this goal.

The Tri-Cities Airport is located in a rural part of Washington State that has few ACDBE vendor opportunities.  In consultation with car rental operators, it has been mentioned it is hard to find vendors to use that are ACDBE certified to meet their needs.  In addition, the recent pandemic has proven to make this process difficult.

In order to ensure that Tri-Cities Airport's ACDBE program will be narrowly tailored to overcome the effects of discrimination, if concession specific goals are used, Airport will adjust the estimated breakout of race-neutral and race-conscious participation as needed to reflect actual ACDBE participation and race-neutral and race conscious participation will be tracked separately. For reporting purposes, race-neutral ACDBE participation includes, but is not necessarily limited to, the following: ACDBE participation through a prime contract that an ACDBE obtains through customary competitive procurement procedures; ACDBE participation through a subcontract on a prime contract that does not carry ACDBE goal; ACDBE participation on a prime contract exceeding a concession specific goal; and ACDBE participation through a subcontract from a prime contractor that did not consider a firm's ACDBE status in making the award.

Tri-Cities Airport will maintain data separately on ACDBE achievements in those contracts with and without concession specific goals, respectively.

**Consultation**

Tri-Cities Airport routinely meets with stakeholders in an effort to increase ACDBE participation. Stakeholders consulted included minority and women's business groups, community organizations, trade associations representing concessionaires currently located at the airport, as well as existing concessionaires themselves, and other officials or organizations which could be expected to have information concerning the availability of disadvantaged businesses, the effects of discrimination on opportunities for ACDBEs, and the sponsor's efforts to increase participation of ACDBEs.

Specifically, Tri-Cities Airport consulted with:  airport car rental operators, local chambers of commerce, the local Hispanic Chamber of Commerce.  These interactions have been in person, via electronic methods and over the phone.

The following comments were received during the course of the consultation: comments relate to the lack of certified firms who can offer the goods and services needed in our market area, and revolve around how we, as a team (chambers and airport) can help improve this. The car rental operators made comments revolving around there being no certified firms available and our goals are always too high.