

**PROPOSED ACDBE OVERALL CONCESSION GOALS**  
**Federal Fiscal Years 2022 - 2024**  
**Palm Springs International Airport**  
**Palm Springs, CA**

Airport Sponsor: City of Palm Springs

Airport: Palm Springs International Airport

Goal Period: From: October 1, 2021  
Thru: September 30, 2024

ACDBE Goal for Non-Car Rental Concessions: 2.7% (Race Conscious)

ACDBE Goal for Car Rental Concessions: 1.4% (Race Neutral)

**Section 23.45: Separate Overall Goal Calculation for Concessions  
Other Than Car Rentals**

**Amount of Goal**

Palm Springs International Airport's (the "Airport") overall goal for concessions other than car rental during the period beginning October 1, 2021 and ending September 30, 2024 is 2.7%. The goal is expressed as a percentage of the total estimated gross receipts for concessions at Palm Springs International Airport.

The following are not included in the total gross receipts for concessions: (a) the gross receipts of car rental operations, (b) the dollar amount of a management contract or subcontract with a non-ACDBE, (c) the gross receipts of business activities to which a management contract or subcontract with a non-ACDBE pertains, and (d) any portion of a firm's estimated gross receipts that will not be generated from a concession.

The Airport determines the market area for each concession opportunity as it arises. The market area is defined as the geographical area in which the substantial majority of firms that seek to do the specific concessions business with the airport are located and the geographical area in which the firms receive a substantial majority of concessions related revenues are located.

The calculation for determining the overall goal for the three-year period is as follows:

**Federal Fiscal Years 2022 – 2024**

Total estimated gross receipts for all concessions excluding car rentals = \$45,610,866  
Estimated ACDBE gross receipts = \$1,216,301  
 $\$1,216,301 / \$45,610,866 = 2.7\%$

**Methodology used to Calculate Overall Goal**

Overall goals have been determined by consolidating the total estimated gross revenues and estimated ACDBE gross revenues for continuing and anticipated new concession agreements that will become effective during the goal period. Goals for each new concession are determined through an analysis of the opportunity, potential for ACDBE participation and the relative availability of ACDBE firms who are ready, willing and able to perform under the agreement.

In accordance with 49 CFR part 23.51(c) ACDBE goals for specific opportunities are determined as follows:

Step 1: 23.51(c)

The Airport determines the base figure for the relative availability of ACDBEs for the specific opportunity. The base figure may be calculated in a number of ways, depending upon what is most appropriate for the specific opportunity.

Examples are as follows:

Option 1: Ready, willing, and able ACDBEs in the appropriate trade in the determined market area ÷ All ready, willing and able companies in the appropriate trade in the determined market area.

The data source or demonstrable evidence used to derive the numerator may be either the DBE/ACDBE directory (23.51(c)(1)) or an active participant list (23.51(c)(2)).

If the Airport uses ACDBE directories, which directories and which NAICS codes were used will be identified. The Airport may also augment available ACDBEs with firms in local MBE/WBE directories or trade association lists. If the Airport uses these sources to augment the numerator, the sources used, and the number of firms added to the numerator will be identified.

If the Airport uses an Active Participant List, where the information was obtained will be identified. Such information may come from past experience with firms that have run concessions or sought concession contracts or leases, knowledge about the universe of firms in certain concession services that tend to be interested in participating, and attendance lists from informational and outreach meetings about upcoming concession opportunities.

Option 2: Disparity Study -There are no relevant disparity studies from the Airport's geographic area at this time. In the future, the Airport may elect to utilize a disparity study should one become available.

Option 3: Goal of another sponsor – The Airport may use the goal of another airport or DOT sponsor in the same, or substantially similar market if their overall goal is in compliance with 49 CFR parts 23. Should the Airport elect to do so, the Airport will include information as to why our airport concession opportunity has the same or substantially similar market.

Option 4: Alternative Methods – The Airport may elect to use other methods to determine the base figure, however it must be based on demonstrable evidence of local market conditions and be designed to arrive at a goal that is rationally related to the relative availability of ACDBEs in the market area.

Step 2: 23.51(d)

After calculating a base figure of the relative availability of ACDBEs, the Airport will examine evidence to determine what adjustment, if any, is needed to the base figure in order to arrive at the overall goal.

In accordance with 23.51(d), any adjustment will be designed to reflect as accurately as possible the ACDBE participation the Airport would expect in the absence of discrimination. In addition, the Airport will document the basis on which the base figure was adjusted using the specific data.

### **Palm Springs International Airport Non-Car Rental Concessions**

Palm Springs International Airport ACDBE Goals for federal fiscal years 2022 – 2024 have been set for each concession contract as listed below and shown on the following chart. It should be noted that approximately 94.1% of the non-car rental concession revenue is generated by two concessions, food/beverage and gift/news operations. These agreements currently have no participation. Both will be expiring during this goal period and ACDBE goals will be set for both of these operations. All other non-car rental concessions combined generate less than 7% of the total revenue.

**Food/Beverage/Retail** - The food/beverage/retail contract is currently operated by Paradies and expires on April 30, 2023. The contract does not currently contain an ACDBE goal. A goal analysis has been conducted for this opportunity assuming that there will be multiple contract awards and is attached hereto as Attachment 1. The overall goal projects that the contract will continue without a goal until its expiration at the end of year two of the goal period. Year three assumes a full year of operation under the new lease with goals (as established in Attachment 1) of 9.1% for food/beverage and 6.9% for retail.

**Specialty Retail** – There previously was a specialty retail contract operated by a certified ACDBE firm. The firm terminated its contract during the last goal cycle. The contract was re-solicited in August 2018. There were no proposers for the concession. This negatively impacted the goal accomplishment and will continue to impact the goal until the current food/beverage/retail contract expires.

**Advertising** - The advertising contract is operated by Lamar Advertising and will expire in March 2022. There is currently no ACDBE participation in this contract. A goal analysis will be conducted prior to the contract's expiration; however, it is unlikely that ACDBE gross receipts participation will be viable based the size of the contract and the margins generated for this type of contract. For purposes of this three-year goal, we will assume that the agreement will remain without a goal for the three-year goal period.

**ATM Machines** - The ATM machine contract is operated by Ready Credit Corp. and the original term will expire in September 2022. However there are two one-year options that may be exercised. The contract has no ACDBE goal, as the concession generates less than \$50,000 in gross revenues annually and does not have subcontracting opportunities. It is anticipated that this concession will continue without ACDBE participation throughout the three-year goal period.

**Applying the above assumptions to each of the concessions and assuming gross revenues at 2019 levels for FFY 2022 and a growth rate of 3% annually thereafter results in the following annual sales and goals:**

City of Palm Springs Palm Springs International Airport ACDBE CONCESSION LEASING GOALS FFY 2022			
Concessionaire	*Projected Annual Gross Revenues	ACDBE Gross Revenues Based on Goal	ACDBE Goal
Food/Beverage (currently combined with Retail)	\$8,580,000		
Retail (currently combined with F/B)	\$5,300,000		
Advertising	\$870,000		
ATM Machines	\$6500		
<b>Total Concessions (Excluding Rental Cars)</b>	<b>\$14,756,500</b>	<b>\$0</b>	<b>0.0%</b>

\*Based on 2019 gross revenues

FFY 2023			
Concessionaire	*Projected Annual Gross Revenues	ACDBE Gross Revenues Based on Goal	ACDBE Goal
Food/Beverage (currently combined with Retail)	\$8,837,400		
Retail (currently combined with F/B)	\$5,459,000		
Advertising	\$896,100		
ATM Machines	\$6,695		
<b>Total Concessions (Excluding Rental Cars)</b>	<b>\$15,199,195</b>	<b>\$0</b>	<b>0.0%</b>

\*Assumes 3.0% growth

FFY 2024			
Concessionaire	*Projected Annual Gross Revenues	ACDBE Gross Revenues Based on Goal	ACDBE Goal
Food/Beverage (new contracts)	\$9,102,522	\$838,330	9.1%
Retail (new contracts)	\$5,622,770	\$387,971	6.9%
Advertising	\$922,983		
ATM Machines	\$6,896		
<b>Total Concessions (Excluding Rental Cars)</b>	<b>\$15,655,171</b>	<b>\$1,216,301</b>	<b>7.8%</b>

\*Assumes 3.0% growth

<b>City of Palm Springs  Palm Springs International Airport  ACDBE CONCESSION LEASING GOALS  Goal Period: October 1, 2021 - September 30, 2024  FFY 2022, 2023, and 2024</b>			
<b>Concessionaire</b>	<b>Projected Three-Year Gross Revenues</b>	<b>ACDBE Gross Revenues Based on Goal</b>	<b>ACDBE Goal</b>
Food/Beverage	\$26,519,922	\$838,330	3.1%
Retail	\$16,381,770	\$387,971	2.4%
Advertising	\$2,689,083		
ATM Machines	\$20,091		
<b>Total Concessions (Excluding Rental Cars)</b>	<b>\$45,610,866</b>	<b>\$1,216,301</b>	<b>2.7%</b>

Given the above, we propose the base ACDBE goal for the three-year period beginning October 1, 2022 and ending September 30, 2024 (FFYs 2022, 2023, and 2024) at 2.7%. Please note that the goal will be different for each of the three years in the goal period due to new contracts awarded during FFY 2023 and commencing operation in FFY 2024.

## **Step 2 – Adjustments**

The ACDBE regulation (49 CFR part 23) 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. Since this adjustment was made in the development of the contract goal, an adjustment based on past history is not warranted.

## **Breakout of Estimated Race-Neutral & Race Conscious Participation**

ACDBE contract goals reflected in this document were originally set as race-neutral goals. The setting of race-neutral goals has resulted in participation of approximately 1% over the past five years. Since the contracts will be long-term and any shortfall will continue for the duration of the contract and since the past solicitations for food/beverage and gift/news resulted in no participation, goals for these contracts will be set as race-conscious in October 2019 when the current contracts expire. The Airport will continue to use race-neutral methods to encourage further participation throughout the goal period, including the following:

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.

## **Consultation with Stakeholders**

In accordance with 49 CFR part 23, §23.43, the airport has sent emails and followed-up with a virtual meeting to the following stakeholders regarding this three-year goal. The goal is available in the airport's website. No comments were received.

**ORGANIZATIONS**

Airport Minority Advisory Council  
info@amac-org.com

Coachella Valley Women's Business Center  
kscanlan@cwbc.org

Southern California  
Hispanic Chamber of Commerce  
SCAHCC@yahoo.com

California Black Chamber of Commerce  
cbcc@calbcc.org

American Indian Chamber of Commerce of  
California  
info@aicccal.org

Coachella Valley Mexican-American  
Chamber of Commerce  
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## **Overall Goal Calculation for Car Rentals (23.45)** **FFY 2022-2024**

### **Background**

Palm Springs International Airport currently has eight (8) different on-airport car rental brands owned by three (3) different companies. The current agreements will expire on June 30, 2022, with an anticipated two or three-year extension (as a result of the effect of the pandemic); however, the airport has developed an ACDBE car rental goal for the entire three-year goal period at this time based on the purchase of goods/services. Current car rental concession revenues were approximately \$66 million annually (pre-pandemic), \$36.3 million in FFY 2020.

In accordance with the regulation regarding ACDBE participation in Airport Concessions, we have conducted research to determine an appropriate ACDBE goal for car rental concessions at the Airport. The methodology for setting the goals is included in this report.

49 CFR Part 23 provides the following guidance for establishing concession goals:

*§ 23.51(a) 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.*

### **Counting Participation in Car Rentals**

Given the fact that there are few ACDBE car rental firms operating in airports, 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 an 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.

**Market Area**

There are eight (8) Car Rental Concession Brands at the Airport operated by three (3) different companies. Based on the types of goods/services purchased by the firms (e.g. auto repair, insurance, fuel, etc.), the market area for the purchase of goods and services, with the

exception of vehicle purchases, as the State of California. Clearly, there are some items that are purchased either regionally or nationally, however car rental firms have stated that they cannot provide this information at this time. The geographic region for the purchase of vehicles varies depending on the operator with some purchasing from dealerships within the state and others from various areas of the country, including from manufacturers. We will, therefore, use a national geographic region for vehicle purchases.

### **Goal-Setting Step I**

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 used the DBE Directories and Census Bureau Data method for determining availability. The most recent available census bureau data is for 2019. The NAICS codes for the various trades typically utilized by car rental concessions was determined through a survey of car rental concessionaires and research and are shown on the chart below. The trades have not been weighted as we have no information upon which to base an accurate weighting. We are continuing to work with car rental firms to develop a weighting and will make future adjustments if necessary.

<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>
Towing	488410	533	5	0.94%
Delivery Svc	492110	523	5	0.96%
Equipment Rental (GPS)	532210	154	0	0.00%
Security	561621	329	12	3.65%
Keys/Locks	561622	240	1	0.42%
Janitorial Services	561720	2,458	21	0.85%
Drug Testing	621999	222	6	2.70%
Auto Repair	811111	4,185	10	0.24%
Auto Body Repair	811121	1,892	6	0.32%
Windshield Repair	811122	286	1	0.35%
Device Repair & Maintenance	811211	105	0	0.00%
<b>Total Local</b>		<b>10,927</b>	<b>67</b>	<b>0.61%</b>
Printing/Signage	323111	17,000	305	1.79%
Fuel Maintenance	454310	8,057	42	0.52%
GPS Devices	334220	720	24	3.33%
Auto Parts	423120	12,718	65	0.51%
Tires	423130	2,745	23	0.84%
Computer Support/Materials	423430	7,487	253	3.38%
Luggage Carts/Wheelchairs	423450	10,411	254	2.44%
Cleaning Supplies	423850	4,576	272	5.94%
Fire Safety/Suppression	423990	9,362	347	3.71%
Office Expense	424120	3,895	166	4.26%
First Aid	424210	10,524	47	0.45%
Fuel/Oil/Energy	424720	2,451	161	6.57%
Car Dealerships	441110	21,427	5	0.02%
Auto Transport	484230	11,371	591	5.20%
Insurance	524210	135,077	234	0.17%
Legal Services	541110	170,284	238	0.14%

Description	NAICS	Census	Directory	DBE/ACDBE %
Accounting	541211	55,615	338	0.61%
Asset Recovery	561491	841	6	0.71%
Consulting	541611	84,455	6,195	7.34%
Background Checks	541612	8,441	1,154	13.67%
Uniforms	812331	841	19	2.26%
Total National		578,298	10,739	1.86%
Total		589,225	10,806	1.83%

**We therefore propose the base goal at 1.83%.**

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

The ACDBE regulation (49 CFR part 23) 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-year period (the last goal cycle) to provide for an adjustment of the base goal as follows:

Year	Total Car Rental Purchases	ACDBE Purchases	ACDBE %	ACDBE % w/o Ford of SM
2020	\$45,484,670	\$763,290	1.68%	1.68%
2019	\$76,394,585	\$10,064,971	13.17%	1.04%
2018	\$98,632,698	\$16,016,540	16.24%	0.92%

The majority of ACDBE participation in car rentals was achieved through the use of a car dealership that was sold in mid-2019. We have calculated and utilized the median without that firm since the firm is no longer certified.

$$\text{Base goal of 1.83\% + Median ACDBE Participation (2018 - 2020) of 1.04\% = 2.87\%}$$

$$2.87\% \div 2 = 1.44\%$$

There is no other relevant data to support an adjustment to the base goal. Therefore, the proposed overall ACDBE goal for car rentals for the three-year period commencing October 1, 2021 and ending September 30, 2024 is **1.4%**.

### **Race-Neutral/Race-Conscious Recommendation**

The current car rental agreements do not include a race conscious ACDBE goal, therefore the goal will be set as race-neutral. The agreements will expire on June 30, 2022 but will most likely be extended for a period of two-three years. The goal will remain in place throughout this three-year goal cycle.

### **Consultation with Stakeholders**

In accordance with 49 CFR part 23, §23.43, the airport has sent emails and followed-up with phone calls to the following stakeholders regarding this three-year goal. Each of the stakeholders was sent a copy of the goals and information on who to contact to discuss the goals. Follow-up phone calls were made to all organizations/firms. No comments were received.

### **ORGANIZATIONS**

Airport Minority Advisory Council  
Ronald Reagan Washington National  
Airport  
Washington, DC 20001  
(703) 414-2622

Coachella Valley Women's Business Center  
77806 Flora Rd., Suite A  
Palm Desert, CA 92211  
(760) 345-9200

Palm Springs Chamber of Commerce  
190 West Amado Rd.  
Palm Springs, CA 92262  
(760) 325-1577

Palm Desert Area Chamber of Commerce  
72559 Hwy 111  
Palm Desert, CA 92260  
(760) 346-6111

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[SCAHCC@yahoo.com](mailto:SCAHCC@yahoo.com)

California Black Chamber of Commerce  
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CalAsian Chamber of Commerce  
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Sacramento, CA 95817  
(916) 446-7883

American Indian Chamber of Commerce of  
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Los Angeles, CA 90071  
(213) 440-3232

Coachella Valley Mexican-American  
Chamber of Commerce  
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**ATTACHMENT 1**  
**ACDBE GOAL and METHODOLOGY**  
**Food/Beverage/Retail Concessions**  
**Palm Springs International Airport**

**Background**

Palm Springs International Airport (the “Airport”) will issue Requests for Proposals for the food/beverage, and retail concessions during FFY 2023. The contract terms will exceed five years and will be non-exclusive as it is anticipated that several packages will be awarded. Gross revenues to be generated by the food/beverage operation are anticipated to be approximately \$8.6 million annually and the gross revenues to be generated by the gift/news/retail operation are anticipated to be approximately \$5.3 million annually.

In accordance with 49 CFR Part 23 we have conducted research to determine an appropriate ACDBE goal for the concessions to be developed under the new agreements. The methodology for setting the goal for the agreement is included in this report.

49 CFR Part 23 provides the following guidance for establishing concession goals:

*§ 23.51(a) 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.*

## **Market Area**

There is one company currently involved in operating the food/beverage/retail concession at the airport and one previous retail operator. The food/beverage/retail company is a firm based in Georgia but has a national presence. The firm operates at over 100 airports worldwide, including numerous other airports in the State of California. The specialty retail operator was a California firm. The Palm Springs International Airport concession operations are relatively small, generating approximately \$8.6 million annually for food/beverage and \$5.3 million annually for gift/news/retail. Because of this, it is unlikely that firms who do not have a presence within a reasonable proximity to the Airport could obtain a sufficient return on investment for the operation. Given this, we believe that the appropriate market area for potential concessionaires for this opportunity is the Southern California region, comprised of the following counties: Los Angeles, Orange, Riverside, San Bernardino, San Diego, and Imperial.

## **Goal-Setting Step I**

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 following results:

The most recent available census bureau data is for 2019. There are no codes for airport concessions, therefore we have utilized the codes listed in the chart below as they are the codes most closely related to the upcoming concession opportunities for concession services at the Airport.

The California Unified Certification Program (CUCP) directory lists certified firms with the various NAICS codes as shown on the chart below.

The result obtained by dividing the number of DBE/ACDBE firms in the CUCP directory by the census data for each code is as shown below.

2019 Census for Applicable Counties				
Trade Description	NAICS	Census	Directory	%
Drinking Places (alcoholic beverages)	7224	1,569	8	0.51%
Restaurants and other eating places	7225	41,973	27	0.06%
<b>TOTAL FOOD/BEVERAGE</b>		<b>43,542</b>	<b>35</b>	<b>0.08%</b>
Bookstores, News Dealers and Newsstands	4512	338	14	4.14%
Gift, Novelty, and Souvenir Stores	45322	1,136	28	2.46%
<b>TOTAL GIFT/NEWS</b>		<b>1,474</b>	<b>42</b>	<b>2.85%</b>

In addition, we looked at information from the 2012 Economic Census (2017 data by state is not available) which includes data for minority and women owned firms. Information for the economic census is available for the state, not for each of the counties in the relevant geographic region. The results are as follows:

2012 Economic Census – California (Firms with Paid Employees)				
	Total CA	Minority	Women	%
Drinking Places (alcoholic beverages) (NAICS 72241)	3,209	1,051	591	51.2%
Restaurants and other eating places (NAICS 72251)	48,402	28,567	10,454	80.6%
<b>TOTAL FOOD/BEVERAGE</b>	<b>51,611</b>	<b>29,618</b>	<b>11,045</b>	<b>78.8%</b>
News Dealers and Newsstands	73	15	11	35.6%
Gift, Novelty, and Souvenir Stores	2,028	600	696	63.9%
<b>TOTAL GIFT/NEWS</b>	<b>2,101</b>	<b>615</b>	<b>707</b>	<b>62.9%</b>

The 2012 Economic Census provides data for the number of firms that are owned by minorities or women for the state of California. There are flaws in this data, including the fact that not all minority- or women-owned firms will qualify as ACDBE firms and there is overlap between minority and women-owned firms as firms owned by minority women are counted in both groups.

Assuming that 50% of the women-owned firms are actually owned by minority women and already counted in the number of minority-owned firms, the number of firms is reduced as follows:

2012 Economic Census – California (Firms with Paid Employees)				
	Total CA	Minority	Women	%
Drinking Places (alcoholic beverages) (NAICS 72241)	3,209	1,051	296	42.0%
Restaurants and other eating places (NAICS 72251)	48,402	28,567	5,227	69.8%
<b>TOTAL FOOD/BEVERAGE</b>	<b>51,611</b>	<b>29,618</b>	<b>5,523</b>	<b>68.1%</b>
News Dealers and Newsstands	73	15	6	28.8%
Gift, Novelty, and Souvenir Stores	2,028	600	348	46.7%
<b>TOTAL GIFT/NEWS</b>	<b>2,101</b>	<b>615</b>	<b>354</b>	<b>46.1%</b>

The number of Minority- and Women-Owned firms who would qualify as DBEs is not known, however the Caltrans 2016 Disparity Study indicate that approximately 46% of minority- and women-owned firms utilized on DOT projects were also DBE certified, therefore we are assuming that approximately 50% of the firms listed above would meet the criteria for DBE certification. That assumption would decrease the number of potential DBE firms to 34.1% for Food/Beverage and 23.1% for Gift/News.

- 2) The second example provided is the use of active participants list. Since there is currently only one (1) participant in the food/beverage/retail program, we believe the number is too small to be relevant.
- 3) The third example provided by the regulation is to use data from a disparity study. There is currently no disparity study for the geographic region.
- 4) The fourth example provided is to use the goal of another DOT recipient. We have elected not to use the goal of another recipient as circumstances at the nearest four airports, Los Angeles International, John Wayne, Ontario International, and San Diego International, are not comparable to the circumstances at Palm Springs International Airport.
- 5) The fifth example is to use an alternative method. We have looked at the list of firms who expressed interest in food/beverage opportunities as a potential alternative method to consider in setting the goal for the food/beverage concessions. There are few companies listed. Since the opportunity has not yet been advertised and the market has changed substantially since the last solicitation, we have elected not to use this data.

While we recognize that both data sources have significant issues, in the absence of other data, we propose to use the Directory/Census data and the Economic Census to develop the base goal.

**Summary of Data to Be Considered**

Methodology	Result	Comments
Directory/Census	F/B – 0.1% G/N – 2.5%	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. Directory contains only firms who have demonstrated interest.
Economic Census (as adjusted)	F/B – 34.1% G/N – 23.1%	Information contains overlap between minority and women-owned firms and not all firms will be eligible for certification (adjustment made for these issues).

As shown above, each of the potential methodologies has drawbacks and issues. Averaging the above results in the following:

$$\text{Food/Beverage} - 0.1\% + 34.1\% = 34.2\% \div 2 = 17.1\%$$

$$\text{Gift/News} - 2.5\% + 23.1\% = 25.6\% \div 2 = 12.8\%$$

**We therefore propose the base goal at 17.1% for Food/Beverage and 12.8% for Gift/News.**

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

We have reviewed the past history of ACDBE participation for the time period prior to the termination of the ACDBE specialty retail contract. Subsequent participation was 0%. Past history of ACDBE participation is as shown on the table below.

Year	ACDBE %
2017	0.87%
2016	0.95%
2015	1.02%

The median ACDBE goal accomplishment for Concessions for the three-year period from 2015-2017 was 0.95%. We therefore we propose to adjust the goal based on past history as follows:

**Food/Beverage** - Calculated percentage (17.1%) + Median 3-year Accomplishment (1.0%)  
= 18.1%

$$18.1\% / 2 = 9.1\%$$

**Gift/News** - Calculated percentage (12.8%) + Median 3-year Accomplishment (1.0%)  
= 13.8%

$$13.8\% / 2 = 6.9\%$$

**We therefore propose the food/beverage goal at 9.1% and the gift/news goal at 6.9%.**

**Race-Neutral/Race-Conscious Recommendation**

We recommend that the goal should be a race-conscious goal as the airport has not had participation in concessions for over 3 years.

Race-Neutral Measures will also be implemented and will include:

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 John Wayne Airport'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.*