

# Metropolitan Washington Airports Authority

## FY 2018-2020 Airport Concession DBE Goal Methodology (Car Rental Concessions) for



**Washington, D.C.**

**With Assistance From**



**Ken Weeden & Associates, Inc.**

**September 7, 2017**  
**(Revised September 29, 2017)**

**METHODOLOGY for Establishing the FY 2018 – FY 2020 Airport Concession Disadvantaged Business Enterprise (ACDBE) Goal for:**

**Ronald Reagan Washington National Airport, Washington, D.C. (49 CFR Part 23)**

**Introduction:** *As a recipient of Federal Department of Transportation funds, MWAA is required to establish an ACDBE program in accordance with regulations of the U.S. Department of Transportation (USDOT) 49 CFR Part 26. Pursuant to USDOT guidelines, the ACDBE program is to be narrowly tailored to the specific market area to level the playing field for small, minority, and woman-owned businesses to participate in airports concession opportunities. The goal is calculated for a three-year period to reflect current market conditions and guide the implementation of the ACDBE program through race and gender neutral (RN) and race and gender conscious (RC) means.*

In fulfillment of the requirements of 49 CFR Part 23, the Metropolitan Washington Airports Authority (Airports Authority) has developed a proposed Overall Goal for FY 2018 – FY 2020 for Car Rental concessions at Ronald Reagan Washington National Airport.

**General Information:**

Airport Sponsor: **Metropolitan Washington Airports Authority**

Airport: **Ronald Reagan Washington National Airport**

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**I. Amount of Goal**

The Ronald Reagan Washington National Airport’s overall car rental goal for the period beginning October 1, 2017 and ending September 30, 2020 is the following:

Overall Goal:	<b><u>9.2%</u></b>
Race-Neutral:	<b><u>0.0%</u></b>
Race-Conscious:	<b><u>9.2%</u></b>

**The base of the goal will be the total purchases of goods and services for car rental operations at the Airport.**

There are no new car rental concession opportunities anticipated for this time period. However, there are ongoing opportunities for suppliers of goods and services as indicated in table 4. If additional car rental concession opportunities arise prior to the end of this goal period and the estimated average of annual gross revenues is anticipated to be \$200,000 or greater, the Airport will submit an appropriate adjustment to the overall goal. This will be

submitted to FAA for approval at least 90 days before issuing the solicitation for the new concession opportunity (23.45(i)).

**Table 1: Car Rental Lease Dates**

Concession	Lease start	Lease end
Avis Budget	02/01/17	01/31/22
Enterprise	02/01/17	01/31/22
Hertz	02/01/17	01/31/22

**A. Projected Concessions Opportunities: October 1, 2017 - September 30, 2020**

ACDBE opportunity for the 3-year period will be the total expenditures on goods/services by car rental operations at the Airport during the goal period. The projected dollar value of goods/services expenditures will be flat over the next 3-years compared with FY 2016 expenditures of \$76,423,850. The projected expenditures over the goal period is \$229,269,921

**Table 2: Goods & Services Expenditures**

Report Period	Expenditures
FY 2018	\$76,423,307
FY 2019	\$76,423,307
FY 2020	\$76,423,307
<b>Total</b>	<b>\$229,269,921</b>

**B. Determination of Market area**

The 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.

The Airport believes that, although firms that are currently doing business with the Airport are located nationally, Airport Concession Disadvantaged Business Enterprises (ACDBE) that would participate would more likely be local, especially for the purchase of goods and services. Therefore, the Airport is proposing to use the Washington-Arlington-Alexandria, DC-VA-MD-WV MSA as the market area.

**Table 3: Car rental market area**

Market Area
Washington-Arlington-Alexandria MSA

## **II. Methodology used to Calculate Overall Goal**

### **A. Goods and Services**

The Airport can meet the percentage goal by including the purchase from ACDBEs of goods and services used in business at the Airport. The dollar value from purchases of goods and services from ACDBEs may be added to the numerator, and the dollar value from purchases of goods and services from all firms (ACDBEs and non-ACDBEs) may be added to the denominator.

### **B. Management Contract or Subcontract**

The Airport can meet the percentage goal by including any business operated through a management contract or subcontract with an ACDBE. The Airport, and the businesses at the Airport, will add the dollar amount of a management contract or subcontract with an ACDBE to the total participation by ACDBEs in airport concessions (both the numerator AND the denominator) and to the base from which the Airport's percentage goal is calculated. However, the dollar amount of a management contract or subcontract with a non-ACDBE and the gross revenue of business activities to which the management contract or subcontract pertains will not be added to this base in either the numerator or denominator.

### **C. Step 1: 23:51(c)**

The Airport determined the base figure for the relative availability of car rental ACDBEs. The base figure was calculated as follows:

The Step 1 DBE Base Figure was determined by dividing the number of ACDBE firms available by the total number of firms available to determine the relative availability of ACDBEs as indicated in **Table 4** below.

**Table 4: Determination of Relative Availability of ACDBEs  
(suppliers of goods and services)**

Concession Type	NAICS Code	Potential ACDBE Firms	All Firms	% of ACDBE Firms Available
Motor Vehicle Supplies	423120	538	5823	9.2%
Service Establishment Equipment and Supplies Merchant Wholesalers	423850			
Stationery and Office Supplies Merchant Wholesalers	424120			
Other Chemical and Allied Products Merchant Wholesalers	424690			
New Car Dealers	441110			
Tire Dealers	441320			
Gas stations	447110			
Automobile carrier trucking	484230			
Insurance	524126			
Janitorial	561720			
Auto Repair	811111			
Auto Body Repair	811121			
Auto Glass Repair	811122			
Auto Oil Change	811191			
Car Washes	811192			

- Sources: 1. Virginia UCP DBE Directory, June 2017.  
 2. Maryland UCP DBE Directory, June 2017.  
 3. District of Columbia UCP DBE Directory, June 2017.  
 4. West Virginia UCP DBE Directory, June 2017.  
 5. 2015 County Business Patterns, US Census Bureau.

The Step 1 base goal for car rental ACDBEs is **9.2%**.

**D. Step 2: 23.51(d)**

After calculating a base figure of the relative availability of ACDBEs, the Airport examined evidence to determine whether or not the base figure needs to be adjusted in order to arrive at the overall goal.

The data used to determine the adjustment to the base figure was:

- Past participation** – The Airport evaluated the current capacity of ACDBEs to perform work in car-rental concessions programs by measuring the volume of work ACDBEs have performed in the past. Notice the annual ACDBE percent accomplishment for each year, and the median for the periods reported.

**Table 5: Ronald Reagan Washington National Airport ACDBE Accomplishments for FY 2014-FY 2016**

<b>Report Period</b>	<b>ACDBE Goal</b>	<b>ACDBE % Achieved</b>	<b>Achieved Over/Under</b>
FY 2014	10.00%	7.66%	-2.34%
FY 2015	10.00%	3.94%	-6.06%
FY 2016	10.00%	8.92%	-1.08%
<b>MEDIAN</b>	10.00%	7.66%	-2.34%

Source: ACDBE Accomplishment Reports, Ronald Reagan Washington National Airport (FY 2014-2016)

The median ACDBE accomplishment for the reporting periods as shown above is 7.66%, compared to the Step 1 DBE base figure for the Airport of 9.2%. This may indicate that the Step 1 base figure overestimates ACDBE capacity at the Airport.

**2. Disparity Study**

The Airport is aware of a disparity study published February 8, 2017 for the State of Maryland and the Maryland Department of Transportation. Although the study appears to have substantial information the study wasn't specific to Airport Concessions and therefore was not used in goal setting.

**E. Adjustment of the Step 1 Base Figure**

The Airport will not adjust the Step 1 ACDBE base figure of 9.2%. The Airport is setting its goal based on goods/services. Accomplishment data in table 4 includes both goods/services and car rental gross receipts. This makes the calculation of the accomplishment figures **dissimilar** from the goal calculation. The final overall goal is 9.2%.

**III. Consultation with Stakeholders (23.43)**

As a recipient of federal funds the Airport is required to consult with stakeholders prior to the submission of its ACDBE goals.

Before establishing the ACDBE car rental goal, the Airport consulted with stakeholders in its concession program to obtain information concerning the availability of disadvantaged and non-disadvantaged businesses, the effects of discrimination on opportunities for ACDBEs, and the Airport's efforts to establish a level playing field for the participation of ACDBEs.

The Airport held a public meeting on July 12, 2017, where stakeholders were given an overview of the ACDBE program and an opportunity to comment on the goal methodology. Comments from the meeting and the attendee list can be found in Appendix A.

**Breakout of Estimated Race-Neutral & Race-Conscious Participation**  
**Section 23.51**

The Airport will meet the maximum feasible portion of its overall goal by using race-neutral means of facilitating ACDBE participation. The Airport will use the race-neutral measures listed below to increase ACDBE participation. The Airport understands that it will be expected to actually take these steps, and this is not merely a paper exercise.

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.
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.

The Airport proposes a race-conscious goal of 9.2% and a race-neutral goal of 0.0%, for a total of 9.2%. The reason for this projected split is that the median amount by which the Airport under achieved its goals over the preceding three (3) year period as shown in Table 4 is -2.34%.

If the Airport projects that race-neutral measures, standing alone, are not sufficient to meet an overall goal, it will use the following race-conscious measures to meet the overall goal:

1. Establish concession-specific goals for particular concession opportunities;
2. Negotiate with potential concessionaires to include ACDBE participation through direct ownership arrangements or measures, in the operation of the concession; and
3. Utilize, with prior FAA approval, other methods that take a competitor's ability to provide ACDBE participation into account in awarding a concession.

In order to ensure that the ACDBE program will be narrowly tailored to overcome the effects of discrimination, if the Airport uses concession-specific goals, it will adjust the estimated breakout of race-neutral and race-conscious participation as needed to reflect actual ACDBE participation (see 26.51(f)) and the Airport will track and report race-neutral and race conscious participation 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 goals; 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.

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

**Resources: Ronald Reagan Washington National Airport FY 2018 - 2020 Airport Concession DBE Program Methodology (Car Rental Concessions)**

**Resource Documents:**

1. Virginia UCP DBE Directory, June 2017.
2. Maryland UCP DBE Directory, June 2017.
3. District of Columbia UCP DBE Directory, June 2017.
4. West Virginia UCP DBE Directory, June 2017.
5. 2015 County Business Patterns, US Census Bureau.

**Appendix A: Stakeholder Meeting -July 12, 2017 1:30 p.m., for -Car Rental Concessions: MWAA-ACDBE Goal Methodology for Reagan National and Dulles International Airports (Combined Stakeholder Meeting), for FY 2018-2020**

**Attendees: (7)**

**Summary of Meeting:** The stakeholder meeting was opened by Wande Leintu, Deputy VP, Department of Supplier Diversity for the Metropolitan Washington Airports Authority. Ms. Leintu gave a brief purpose statement for the stakeholder meeting, in reference to the ACDBE program and the required 3-year update, prior to submission to the FAA. She asked all present to introduce themselves, including the consultant representatives from Ken Weeden & Associates. After all introductions, Ms. Leintu, re-introduced Kenneth Weeden, of the consultant firm and turned the presentation over to him. Mr. Weeden along with Wilfred Nixon provided a PowerPoint presentation and covered and explained the following:

- Background, purpose, and goal requirements of the FAA-ACDBE program.
- Overview of the ACDBE goal methodology and basic requirements, such as use of most refined data, identification of a normal market area, and employment of a two-step process in establishing the overall 3-year ACDBE goal for the Metropolitan Washington Airports Authority.
- Calculation of the base-figure goal (step 1), and adjusted goal (step 2), through “weighting” and consideration of indicators of “capacity”.

**Questions/Comments**

1. Do all sub or supply firms have to be local? No.
2. Technology and staffing should be included in goal setting.
3. Goals should be increased if goals are not being met.
4. Certifiers should make sure that if firms want to participate in the ACDBE program that the ACDBE certification box is checked.
5. Minority and Women-owned business are worried about submitting personal information “Identity theft”.
6. Firms seeking ACDBE certification in Virginia should contact MWAA directly. Under the Virginia UCP MWAA has agreed to take the lead for ACDBE certifications.