

Overall ACDBE Participation 3 Year Goal for Non-Car Rental Contracts

Name of Recipient:

Wayne County Airport Authority

Goal Period:

FY-2021-2022-2023 – October 1, 2020 through September 30, 2023

Overall Three-Year Goal:

26% to be accomplished through 20% RC and 6% RN

Market Area:

The Airport Authority has determined that its market area is the state of Michigan.

3-YEAR ACDBE NON-CAR RENTAL GOAL

A. Choice of Methodology

The process of determining the methodology to calculate the relative availability of ACDBEs was fully dependent on finding a source of information that would provide the most relevant data for WCAA's market area. WCAA will use the State of Michigan as its market area. Data from the Michigan Unified Certification Program (MUCP) Directory along with the active listing of vendors on the Michigan Inter-Governmental Trade Network (MITN) will be used to calculate the base ACDBE availability figure.

B. Application of Methodology

To calculate the base projected sales for the goal, the Airport Authority's Department of Budget and Financial Analysis provided an expected increase in sales for the upcoming 3 fiscal years. These gross concession receipts are anticipated to increase year-over-year for the next three years, which is based upon the 2020 Gross Receipts of \$105,651,469. This projection takes into account a resumption of leisure/business travel post-Covid-19, and the projected DTW enplanements aka passenger traffic, as shown in Table 1 below:

TABLE 1

Projected Gross Sales Growth Year-Over-Year for Non-Car Rental Concessions

Fiscal Year	Increase (Year-Over-Year)	Projected Gross Receipts
2021	60%	\$169,042,350
2022	40%	\$236,659,290
2023	10%	\$260,325,219

The BASE of the goal is \$666,026,859.

C. “Baseline” Non-Car Rental ACDBE Overall Goal Determination

The Airport Authority will structure the ACDBE non-car rental concession goal entirely in terms of gross sales, which is a permissible alternative in accordance with 49 CFR Part 23, §23.51.

Concessionaire Gross Sales

To determine the baseline non-car rental concession ACDBE overall goal, the Airport Authority deems it prudent to ascertain the number of firms that could participate on the Non-Car Rental Concession contracts. This is accomplished by researching 8 categories of concessionaire work types to achieve its gross sales. We determined the correlating NAICS code for concessionaire work types and researched the Michigan UCP directory for certified Michigan based ACDBEs that could perform these work types. Next we researched the Michigan Intergovernmental Trade Network or MITN directory by NIGP codes for all Michigan based firms, ACDBE and Non-ACDBE that could likewise perform. Table 2 shows the concessionaire work type categories and the corresponding number of Michigan based potential participants for Non-Car Rental Concession contracts.

TABLE 2

Potential Participants in Non-Car Rental Concessions

Concessions Type	NAICS Code	ACDBEs (MUCP)	NIGP Code	All Businesses (MITN)	ACDBE Availability
ATM	522320	0	93610	23	0.00%
Currency Exchange	523130	1	90533	14	7.14%
Advertising	541810	0	91501	129	0.00%
Food & Beverage	722511	10	96219	58	17.24%
Retail	453220	12	03778	55	21.82%
Transportation Service	485999	9	55600	25	36.00%
Vending Machine	454210	0	16592	25	0.00%
Shoeshine	812990	2	96280	41	4.88%
				Average	10.89%

Therefore, the baseline ACDBE car rental goal is 10.89%.

D. Adjustment of “Baseline” ACDBE Non-Car Rental Goal

Basis for Airport Authority’s Overall Goal Adjustment

In determining whether an adjustment to the Airport Authority’s baseline goal is needed, the Airport Authority evaluated the capacity of ACDBEs based upon the volume of work ACDBEs performed in recent years.

The Airport Authority examined its historical overall ACDBE goals and accomplishments for the past three fiscal years (specifically, the *FY 2018–2020 ACDBE Concession Goal Accomplishment Reports* were evaluated). As allowed by 49 CFR Part 23, the Airport Authority has utilized the gross revenue from concession sales to account for ACDBE participation by the non-car rental concessions, as reflected in Table 3.

TABLE 3

ACDBE Accomplishments for FY 2018 – FY 2020

Fiscal Year	Total Revenue	ACDBE Revenue	ACDBE Goal	ACDBE Achieved
2018	\$212,194,512	\$85,994,700	27%	40.53%
2019	\$217,193,159	\$85,334,259	27%	39.29%
2020	\$105,651,469	\$48,098,844	27%	45.53%
Averages:	n/a	n/a	27%	41.78%

As shown in Table 3, the average ACDBE participation accomplishment for the previous three-year reporting period is 41.78%. Using the following formula, as allowed in 49 CFR §26.45 (d) (3), the 3-year ACDBE car rental goal is adjusted to 26%:

$$(41.78 + 10.89) / 2 = 26.34\% \text{ or } 26\% \text{ rounded}$$

E. Conditions That Impacted Non-Car Rental ACDBE Participation Achievement

A review of the previous three-year period shows that the Airport Authority’s ACDBE non-car rental concession goals were met and exceeded due to: 1) successful implementation of joint venture agreements with ACDBEs with commitment participation percentages at or above the goal set for the contract; 2) the experience and capacity of the ACDBEs to perform at a level and standard that met with the Prime Concessionaires expectations; and 3) willingness for Prime Concessionaires to assist ACDBEs to pay capital expenditure costs through the use of loans and other financial mechanisms, which thus assisted to “level the playing field”, increased the potential likelihood for success, and met the ACDBE participation goals in accordance 49 CFR Part 23.

After considering all relevant factors, the Airport Authority has decided to set an ACDBE non-car rental concession goal of 26% for FY2021–2023. This goal shows that historical data has in the past and continues to substantially drive up the baseline goal. This apparent incongruence is created by the relative low number of ACDBEs having a significant number and percentage of the subcontracting opportunities. That said, the anticipated recovery from the Covid-19 Pandemic by Prime Concessionaire is expected to outpace that of its ACDBEs colleagues in the short term. The smaller ACDBE firms are less able to weather the significant impact that the Pandemic had on its business operations and thus will likely continue to have a slower projected recovery. Until the business environment more fully recovers, it is expected that a significant number of WCAA concession contracts will be extended beyond their initial contract term. This will also likely benefit our ACDBEs as well to achieve their return on investment and profitability with additional time added to the contract term.

F. Race/Gender Neutral and Race/Gender Conscious Split Analysis

As described in Table 3, the Airport Authority’s ACDBE non-car rental concession goal was met and exceeded during the previous three-year period. As such, the Airport Authority anticipates that it will meet its ACDBE non-car rental concession goals through a combination of race conscious and race/gender neutral means. Therefore, 20% of the ACDBE non-car rental concession goal for the Airport Authority will be met through race/gender conscious efforts and 6% through race/gender neutral means.

To broaden ACDBE participation within the non-car rental concession area, the Airport Authority will initiate various efforts to provide additional support to the vendors. The following is a list of representative efforts:

- Continued collaboration with MUCP partners and other government agencies to 1) identify ACDBEs with the capacity to work on WCAA non-car rental concession opportunities and 2) work with ACDBEs to grow their capacity;
- Provide one-on-one coaching/mentoring to ACDBEs by our Business Diversity Unit;
- Develop targeted outreach forums and training materials for ACDBEs with NAICS codes that are prominent in WCAA concession opportunities;
- Identify and encourage DBEs with applicable NAICS codes to seek ACDBE designation;
- Continue building relationships with Prime Concessionaires with desired outcomes of increasing opportunities for ACDBEs, educating ACDBEs and ultimately successfully obtaining subcontract and sub-concession opportunities for ACDBEs;
- Provide training opportunities to WCAA Business Diversity staff to be properly prepared to administer/implement our ACDBE Program in good faith; and
- WCAA will document and monitor these prescribed efforts to measure their impact.

G. Consultation

The Airport Authority has consulted with a variety of resource agencies and persons in developing the FY 2021 - FY 2023 ACDBE goal. These resources included:

- Michigan Unified Certified Program (MUCP) partners;
- Michigan Intergovernmental Trade Network (MITN) database.

H. Interim Reporting

Pursuant to 49 CFR Part 23, § 23.45 (i), in the event that a new concession opportunity with estimated annual gross receipts of \$200,000 or greater arises between normal submission dates for overall goals, the Airport Authority will submit an appropriate adjustment to the overall goal at least six months prior to executing the concession agreement for the new concession opportunity.

I. Current Concession Contracts

WCAA has a total of 60 concession contracts. Due to the Covid-19 Pandemic, WCAA plans to continue most of its Concession Agreements through amendments and renewals. There are four (4) new opportunities that will be re-solicited in the next 12 to 24 months. Also, if sufficient business demand exists to do so, WCAA plans to re-solicit four (4) additional concession opportunities. The remainder of the concession locations are anticipated to stay in place until business resumes its normal level of operational performance.