

# Port of Oakland Oakland International Airport

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

For  
Federal Fiscal Years 2015, 2016, and 2017  
(Goal Period: October 1, 2014 – September 30, 2017)

***Race- & Gender-Neutral Goal: 3.3%***

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

Port of Oakland  
Oakland International Airport

Airport Concession Disadvantaged Business Enterprise  
(ACDBE) Program

**ACDBE Car Rental Goal Setting Methodology**

**FFY 2015-2017**

The Port of Oakland (Port), Oakland International Airport (OAK) has completed the initial review process for its Airport Concession Disadvantaged Business Enterprise (ACDBE) Car Rental triennial goal for Federal Fiscal Years 2015-2017.

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 October 1, 2014 and ending September 30, 2017 for car rentals at the consolidated car rental center
- Utilization of Race/Gender-Neutral and Race/Gender-Conscious Methods

**SECTION I            OVERALL AIRPORT CONCESSION  
DISADVANTAGED BUSINESS ENTERPRISE (ACDBE)  
CAR RENTAL GOAL FOR Federal Fiscal Years 15-17**

**A. Amount of Goal**

It is estimated that the car rental concessions will generate gross revenues in excess of \$108 million annually.

The Oakland International Airport's ("OAK") overall car rental goal for ACDBE participation in car rental concessions at the OAK during the period beginning on October 1, 2014 and ending September 30, 2017 (federal fiscal years 2014, 2015 and 2016) is 3.3% of the total goods and services of car rental concessions at the Airport.

**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.

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.

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

### **C. Goal Methodology**

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**

The Rental Car Concessions at Oakland International Airport are operated by seven (7) different companies. 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 are operating at the airport and who submitted 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.

#### **E. 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 in Table 1:

The most recent available census bureau data is for 2014. The trades analyzed were determined through a survey of car rental concessionaires who are operating on the airport. The results are shown on the chart below.

<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>
Accounting	541211	427	3	0.7%
Asset Recovery	561491	5	0	0.0%
Auto Body Repair	811121	293	0	0.0%
Auto Parts	423120	95	1	1.1%
Auto Repair	811111	647	0	0.0%
Auto Transport	484230	37	1	2.7%
Background Checks	541612	75	17	22.7%
Building Security	561621	78	2	2.6%
Car Dealerships	441110	125	0	0.0%
Car Wash Maintenance	423850	33	1	3.0%
Cleaning Supplies	423850	33	1	3.0%
Computer Support/Materials	423430	196	2	1.0%
Consulting	541611	734	70	9.5%
Delivery Services	492110	89	1	1.1%
Device Repair & Maintenance	811211	15	0	0.0%
Drug Testing	621999	33	0	0.0%
Equipment Rental (GPS)	532210	15	0	0.0%
Fire Safety	423990	79	1	1.3%
Fire Suppression	423990	79	1	1.3%
First Aid	424210	88	0	0.0%
Fuel/Oil/Energy	424720	11	0	0.0%
Fuel Maintenance	333911	1	0	0.0%
GPS Devices	334220	15	0	0.0%
Insurance	524210	907	4	0.4%
Janitorial Services	561720	389	10	2.6%
Keys/Locks	561622	32	0	0.0%
Legal Services	541110	1237	4	0.3%
Luggage Carts/Wheelchairs	423450	79	0	0.0%
Office Expense	424120	29	2	6.9%

<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>
Pest Control	561710	88	0	0.0%
Printing	323111	162	1	0.6%
Roadside Assistance	488410	41	0	0.0%
Security	561621	78	2	2.6%
Signage	323111	162	1	0.6%
Tires	423130	15	1	6.7%
Towing	488410	41	0	0.0%
Uniform Cleaning	812331	215	1	0.5%
Uniforms	812331	7	2	28.6%
Windshield Repair	811122	46	0	0.0%

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 1]</b>	<b>DBE/ACDBE \$ (A x B)</b>
Accounting	541211	\$25,986	0.7%	\$182
Asset Recovery	561491	\$9,935	0.0%	\$0
Auto Body Repair	811121	\$268,615	0.0%	\$0
Auto Parts	423120	\$78,502	1.1%	\$863
Auto Repair	811111	\$1,771,517	0.0%	\$0
Background Checks	541612	\$676	22.7%	\$153
Building Security	561621	\$4,386	2.6%	\$114
Car Wash Maintenance	423850	\$133,578	3.0%	\$4,007
Cleaning Supplies	423850	\$12,305	3.0%	\$369
Computer Support/Materials	423430	\$33,923	1.0%	\$339
Consulting	541611	\$47,226	9.5%	\$4,504
Delivery Svc	492110	\$12,898	1.1%	\$145
Device Repair & Maintenance	811211	\$9,546	0.0%	\$0
Drug Testing	621999	\$147	0.0%	\$0
Equipment Rental (GPS)	532210	\$1,631	0.0%	\$0
Fire Safety	423990	\$8,600	1.3%	\$112
Fire Suppression	423990	\$5,160	1.3%	\$67
First Aid	424210	\$83	0.0%	\$0
Fuel Maintenance	333911	\$28,141	0.0%	\$0
Fuel/Oil/Energy	424720	\$4,737,067	0.0%	\$0
GPS Devices	334220	\$20,972	0.0%	\$0

<b>Table 2 – Weighted ACDBE Availability (Based on Directory/Census)</b>				
Description	NAICS	Total (A)	DBE/ACDBE % (B) [From Table 1]	DBE/ACDBE \$ (A x B)
Insurance	524210	\$805,585	0.4%	\$3,222
Janitorial Services	561720	\$339,204	2.6%	\$8,819
Keys/Locks	561622	\$1,471	0.0%	\$0
Legal Services	541110	\$17,476	0.3%	\$57
Luggage Carts/Wheelchairs	423450	\$3,870	0.0%	\$0
Office Expense	424120	\$28,855	6.9%	\$1,991
Pest Control	561710	\$3,870	0.0%	\$0
Printing	323111	\$4,946	0.6%	\$30
Roadside Assistance	488410	\$4,747	0.0%	\$0
Security	561621	\$69,916	2.6%	\$1,793
Signage	323111	\$2,580	0.6%	\$15
Tires	423130	\$609,056	6.7%	\$40,806
Towing	488410	\$41,425	0.0%	\$0
Uniform Cleaning	812331	\$1,047	0.5%	\$5
Uniforms	812331	\$17,942	28.6%	\$5,131
Windshield Repair	811122	\$21,088	0.0%	\$0
<b>Total (Excluding Vehicle Purchases)</b>		<b>\$9,176,974</b>	<b>0.8%</b>	<b>\$72,724</b>
Vehicle Purchases		\$28,744,628	.02%	\$5,749

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 .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 at Oakland International Airport

Results are as follows in 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>
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%
San Jose Mineta International Airport	3.46%
Los Angeles World Airports	3.50%
Dallas/Fort Worth International Airport	3.75%
George Bush Intercontinental Airport Houston	3.75%
Phoenix Sky Harbor International Airport	3.75%
San Francisco International Airport	4.62%
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 3.50%.

**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	.02% for vehicle purchases, .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	3.50% 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 .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**

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

$$\text{Base Goal (.02\%)} + \text{Adjusted Past History (3.70\%)} = 3.72\%$$

$$3.72\% \div 2 = 1.86\%$$

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

<b>Table 5 – Weighted Adjusted Goal</b>				
	<b>\$</b> (refer to Table 2)	<b>%</b>	<b>(x) Goal %</b>	<b>Weighted Goal %</b>
Total Non-Vehicle Purchases	\$9,176,974	24.20%	.80%	1.9%
Vehicle Purchases	\$28,744,628	75.80%	1.86%	1.4%
Total Purchases	\$37,921,602	100.0%		3.3%

**Based on the above, we propose the ACDBE goal for car rental concessions at 3.3%.**

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

Oakland International Airport has a race-neutral ACDBE Program at this time. All goals set for contracts operating during the three-year period covering FFY 2015-2017 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. Airport Properties and Social Responsibility 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. Airport Properties and Social Responsibility staff will advertise upcoming car rental opportunities through e-mail blasts, aviation trade associations and organizations, and the Port/OAK website.
3. The Aviation Director as well as the DBE/ACDBE Liaison Officer (Social Responsibility Director) and various staff promote ACDBE participation through regular community based organization, trade association and other relevant meetings/outreach efforts throughout the year.
4. ACDBE Liaison Officer participates in ACDBE CUCP Cluster meetings once a month to discuss resolution of potential ACDBE certification issues, regulatory changes and best practices (data gathering methodologies/reporting) and challenges.

## **SECTION III PUBLIC PARTICIPATION AND CONSULTATION**

The Port of Oakland's proposed ACDBE car rental goal and its rationale were developed in response to the United States Department of Transportation's Disadvantaged Business Enterprise Program Final Rule 49 Code of Federal Regulations, Part 23, and is available at our principal place of business located at:

Port of Oakland  
Attn: Social Responsibility Division  
530 Water Street  
Oakland, CA 94607

This Car Rental Goal Setting Methodology is posted on the Port of Oakland's website at: <http://www.portofoakland.com/files/PDF/responsibility/carRentalReport.pdf>