

PROPOSED ACDBE OVERALL CONCESSION GOALS
Federal Fiscal Years 2022 - 2024
Reno-Tahoe International Airport
Reno, Nevada

Airport Sponsor: Reno-Tahoe Airport Authority

Airport: Reno-Tahoe International Airport

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

ACDBE Goal for Terminal Concessions: 10.4% (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**

Reno-Tahoe International Airport's (the "Airport" or "RNO") overall goal for concessions other than car rental during the period beginning October 1, 2022 and ending September 30, 2024 is 10.4%. The goal is expressed as a percentage of the total estimated gross receipts for concessions at Reno-Tahoe 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.

RNO 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 which 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 only concession opportunity that is in the process of solicitation or planned for solicitation during this goal period is the advertising concession. The geographic region for that concession is national.

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 = \$71,682,657
Estimated ACDBE gross receipts as adjusted = \$7,454,996
 $\$7,454,996/\$71,682,657 = 10.4\%$

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)

RNO 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 directory (23.51(c)(1)) or an active participant list (23.51(c)(2)).

If RNO 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 RNO uses these sources to augment the numerator, the sources used and the number of firms added to the numerator will be identified.

If RNO 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 that include RNO's geographic area at this time. In the future, RNO may elect to utilize a disparity study should one become available.

Option 3: Goal of another sponsor - RNO 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 RNO elect to do so, RNO will include information as to why our airport concession opportunity has the same or substantially similar market.

Option 4: Alternative Methods - RNO 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, RNO 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 RNO would expect in the absence of discrimination. In addition, RNO will document the basis on which the base figure was adjusted using the specific data.

RNO Concessions

Reno-Tahoe International Airport ACDBE Goals for federal fiscal years 2022 – 2024 have been set for each concession contract listed below and shown on the subsequent chart. It should be noted that approximately 73.0% of the non-car rental concession revenue is generated by the food/beverage and news/gift/specialty retail operations based on FFY 2021 projected revenues. ACDBE goals have been set for both of these categories of revenue. Excluding the gaming revenue, all other concessions combined generate less than 14.0% of the 2021 projected revenue.

Food/Beverage (SSP America) - The SSP America food/beverage contract expires in September 2026. The contract currently contains an ACDBE goal of 14.0%. The goal is met through a subcontract with a McDonald's ACDBE franchisee. The goal will remain at 14.0% throughout this goal period.

Food/Beverage (Subway) – The Subway concession contract expires on June 30, 2023, but includes three five-year options. This is a single location and does not include an ACDBE goal. The concession is anticipated to continue throughout the three-year goal period without an ACDBE goal.

Food/Beverage (Vino Volo) – Th Vino Volo concession contract expires on May 31, 2030. This is a single location and does not include an ACDBE goal. The concession is anticipated to continue throughout the three-year goal period without an ACDBE goal.

Gift/News (Paradies) – The News/Gift contract does not expire until September 2026. The contract contains an ACDBE goal of 11.8%, which will continue throughout this three-year goal period. The goal is achieved through a sublease agreement for one of the locations.

Specialty Retail (Paradies) – The Paradies contract (listed under News/Gift above) contains the right to operate four specialty retail concepts: Brighton, InMotion (subtenant), PGA Tour Shop, and No Boundaries. The contract contains an ACDBE goal of 11.8% that applies to both News/Gift and Specialty Retail locations. The contract does not expire until September 2026. The ACDBE goal of 11.8% will continue throughout this goal period.

Specialty Retail (Retail Vending) – There are currently two small specialty retail vending contracts. One is operated as an electronics concession by Zoom Systems and the other dispenses cell phone power banks and is operated by Tricopian LLC dba FuelRod. The current contracts were issued without an ACDBE goal. The Zoom Systems contract will expire in July

2023 but includes two one-year options. The Tricopian contract currently operates month-to-month. Because they are both small vending operations with no subcontracting opportunities, we anticipate that the operations will continue without an ACDBE goal throughout this three-year goal period.

Lounge (Escape Lounges) – The Lounge concession agreement expires in July 2027. This is a single unit with no ACDBE goal and will continue through the three-year goal period.

Advertising (TBD) – The advertising contract expired on January 31, 2020 and is currently being solicited. A goal analysis was conducted prior to the current solicitation and it was determined that a goal would not be set for this agreement.

Security Bin Advertising (Security Point Media) – The security bin advertising contract is currently operated under a contract with a year-to-year renewal option. The contract generates less than \$45,000 annually. Because of its size, an ACDBE goal is not economically feasible for this contract and has not been set. We anticipate for this to continue throughout the three-year goal period.

Gaming (IGT) – The gaming contract is operated by IGT and will expire in November 2024. There is currently no ACDBE goal for this concession as there is only one ACDBE listed in the Nevada ACDBE Directory with a gaming code (713290) and that firm is out of state, is not licensed by the gaming commission in Nevada, and does not perform in this trade.

Vending (Accent Food Services) – The snack vending contract is currently operated on a year-to-year basis. The contract is projected to generate approximately \$20,000 in gross revenues in FFY 2021. Because of its size, an ACDBE goal has not been set for this contract. We anticipate for this to continue throughout the three-year goal period.

Luggage Carts (Smarte Carte) – The luggage cart contract will expire on September 30, 2023, but includes two one-year options. A goal analysis will be conducted prior to the solicitation, however there are currently no ACDBE firms listed in the NUCP directory for this trade. We anticipate that there will continue to be no ACDBE goal for this contract throughout the three-year goal period.

ATM Machines (Wells Fargo) – The ATM machine contract will expire in June 2022. The contract has no ACDBE goal. We will conduct a goal analysis prior to the solicitation in 2022.

Mail Service (Airport Mailers) – This contract was established as a convenience to travelers. An ACDBE goal was not set for this contract because it is a very small contract (\$10,000 - \$15,000 annually) with no subcontracting opportunities. Although it is a year-to-year contract, we do not anticipate an increase in gross revenues and therefore would continue the contract either with this operator or another operator without an ACDBE goal.

NOTE: It should be noted that a 100% ACDBE-owned Specialty Retail operation, Forever Heather, closed during the previous three-year goal period, negatively impacting the overall goal and accomplishment.

Three-Year Gross Revenue Projections

Gross revenues have been estimated based on FFY 2019 actual gross revenues and current trends, assuming that revenues will be back to FFY 2019 levels by FFY 2023. In FFY 2020, revenues were approximately 63% of FFY 2019 gross revenues. In 2021, we anticipate that gross revenues will be approximately 70% of FFY 2019 levels. For FFY 2022, we anticipate achieving 85% of FFY 2019 gross revenues (a 20% increase over FFY 2021). FFY 2023 was projected at FFY 2019 levels and FFY 2024 assumes growth of 6% over FFY 2023. The results of those estimates are shown on the below chart.

CONCESSIONAIRE	CONTRACT	Projected 3-Year Gross Revenues	ACDBE Gross Revenues Based on Goal	ACDBE Goal
SSP America	Food/Beverage	\$25,491,546	\$ 3,568,816	14.0%
Subway	Food/Beverage	\$2,609,510		
Vino Volo	Food/Beverage	\$8,033,884		
Paradies Shops Gift/News/Specialty Retail	News/Gifts/Specialty Retail	\$15,896,479	\$1,875,785	11.8%
Zoom Systems	Retail Vending	\$400,258		
Tricopian LLC d/b/a/ FuelRod	Cell Battery Vending	\$54,584		
Escape Lounges	Lounge	\$3,717,776		
Advertising TBD	Advertising	\$4,704,941		
Security Point Media	Bin Advertising	\$176,178		
IGT	Gaming	\$9,314,148		
Accent Food Services	Vending	\$97,599		
Smarte Carte	Luggage Carts	\$777,590		
Wells Fargo	ATM Machines	\$383,000		
Airport Mailers	Mail Service	\$25,164		
Total Concessions (Excluding Rental Cars)		\$71,682,657	\$5,444,601	7.6%

As shown above, the base goal for FFY 2022 – 2024 is 7.6%.

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. 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:

Actual Past History of ACDBE Participation			
YEAR	TOTAL GROSS REVENUES	ACDBE GROSS REVENUES	ACDBE %
2020	\$15,554,871	\$2,358,805	15.16%
2019	\$28,490,000	\$3,725,440	13.08%
2018	\$25,102,172	\$3,312,752	13.20%

$$\text{Base goal of 7.6\% + Median ACDBE Participation (2018 - 2020) of 13.2\% = 20.8\%}$$

$$20.8\% \div 2 = 10.4\%$$

There is no other relevant data to support an adjustment to the base goal. Therefore, the proposed overall ACDBE goal for the three-year period commencing October 1, 2021 and ending September 30, 2024 is **10.4%**.

Breakout of Estimated Race-Neutral & Race Conscious Participation

ACDBE contract goals reflected in this document were originally set as race-conscious goals. The contracts containing goals will not expire during this three-year period, therefore the goals will remain race-conscious throughout this goal period. There were no comments received.

Consultation with Stakeholders

In accordance with 49 CFR part 23, §23.43, the airport has reached out and has consulted with the current concessionaires as well as the following stakeholders regarding this three-year goal:

- The Reno-Sparks Chamber of Commerce
- Inter-Tribal Council of Nevada
- NAACP Reno-Sparks
- Hispanic Chamber of Commerce
- Women’s Chamber of Commerce of Nevada
- Asian Chamber of Commerce
- Reno Nevada Small Business Development

Overall Goal Calculation for Car Rentals (23.45)

FFY 2022 - 2024

A Car Rental ACDBE Goal for Reno-Tahoe International Airport has been set based on the attached goal analysis.

RACE-NEUTRAL/ RACE-CONSCIOUS GOAL

Car rental ACDBE goals set forth in this document are currently set as race neutral goals. We will measure progress towards goals prior to the award of new car rental agreements and determine if race-conscious goals are required. The Airport may use the following race-neutral measures to facilitate ACDBE participation.

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); small business or technical assistance program or taking other steps to foster ACDBE participation in concessions.

ACDBE GOAL and METHODOLOGY
Car Rental Concessions
Reno-Tahoe International Airport

Background

Reno-Tahoe International Airport currently has nine (9) different car rental operations owned by four (4) different companies based in its car rental facility at the airport. The current agreements will expire on June 30, 2023. Car rental concession revenues were in excess of \$78 million in FFY 2019 and \$27 million in FFY 2020. Purchases of goods/services by the car rental companies was approximately \$77 million in FFY 2019 and \$56.3 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 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.

Market Area

The Car Rental Concessions at Reno-Tahoe International Airport are currently operated by four (4) different companies. Based on the types of goods/services purchased by these firms (e.g., auto repair, insurance, fuel, etc.), we have determined that the market area for the purchase of goods and services is Washoe County for purchases of goods/services that must be provided on-site and national for other purchases as shown on Table 1.

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.

Table 1 – U.S. Census /Nevada Unified Certification Program Directory				
Description	NAICS	Census	Directory	DBE/ACDBE %
Towing	488410	12	0	0.00%
Delivery Svc	492110	22	0	0.00%
Equipment Rental (GPS)	532210	8	0	0.00%
Security	561621	12	1	7.27%
Keys/Locks	561622	12	0	0.00%
Janitorial Services	561720	172	3	3.86%
Drug Testing	621999	9	1	4.76%
Auto Repair	811111	121	0	0.32%
Auto Body Repair	811121	61	0	0.00%
Windshield Repair	811122	13	0	0.00%
Device Repair & Maintenance	811211	20	0	0.00%
Total Local		462	5	1.08%
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%
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		578,760	10,744	1.86%

We therefore propose the base goal at 1.86%.

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:

Actual Past History of ACDBE Participation				
Year	Total Car Rental Purchases	ACDBE Purchases	ACDBE %	ACDBE % w/o Ford of SM
2020	\$56,262,962	\$460,659	0.82%	0.82%
2019	\$77,478,949	\$6,008,155	7.75%	0.87%
2018	\$74,308,610	\$15,899,366	13.20%	0.94%

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.

$$\text{Base goal of 1.86\% + Median ACDBE Participation (2018 - 2020) of 0.87\% = 2.73\%}$$

$$2.73\% \div 2 = 1.37\%$$

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. We will reconsider setting a partial race conscious ACDBE goal for car rentals if we are unable to achieve the goal during this goal period and before the next car rental solicitation.

Consultation with Stakeholders

In accordance with 49 CFR part 23, §23.43, the airport has reached out and has consulted with the all participating car rental companies and ACDBE car rental participants as well as the following stakeholders regarding this three-year goal. There wer no comments received.

- The Reno-Sparks Chamber of Commerce
- Inter-Tribal Council of Nevada
- NAACP Reno-Sparks
- Hispanic Chamber of Commerce
- Women's Chamber of Commerce of Nevada
- Asian Chamber of Commerce
- Reno Nevada Small Business Development