



**CINCINNATI/NORTHERN KENTUCKY
INTERNATIONAL AIRPORT**

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INTERNATIONAL AIRPORT**

**Federal Aviation Administration (FAA)
Overall Airport Concessionaire
Disadvantage Business Enterprise (ACDBE)
Goal-Setting Methodology**

Fiscal Federal Years (FFY) 2024-2026

Goal Period

Non-Car Rental Goal: 11.04%

Car Rental Goal: 1.75%

Submitted in fulfillment of:
Title 49 Code of Federal Regulations Part 26

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1 INTRODUCTION

The Kenton County Airport Board (KCAB) for the Cincinnati/Northern Kentucky International Airport (CVG), as a recipient of federal funds, is required under 49 Code of Federal Regulations (CFR) Part 23 to establish an Airport Concessionaire Disadvantaged Business Enterprise (ACDBE) program. Under these regulations, recipient airports are required to establish goals for ACDBE participation in airport concessionaire opportunities if concessionaire revenues annually exceed prescribed amounts. The goals are determined for a three (3) year period on a triennial basis. The following sections detail the methodologies used to determine ACDBE participation goals for car rental concessionaires and non-car rental concessionaires. The methodology for setting each goal includes a determination of a base figure, followed by an adjustment to that base figure, and recognition of several factors.

1.1 Market Area

KCAB’s market area is the geographical area in which the substantial majority of firms which seek to do concessions business with the CVG and in which the firms receive a substantial majority of concessions related revenues are located. KCAB has defined their market area as nationwide.

2 ACDBE GOAL METHODOLOGY FOR NON-CAR RENTAL CONCESSIONS FOR FFYS 2024-2026

Based on historical data, KCAB annually has non-car rental concession revenues greater than \$200,000. Because revenues exceed this amount, according to Part 23, KCAB must establish a goal for non-car rental ACDBE participation. The goal is intended to cover the three (3) year period for Federal Fiscal Years (FFYs) 2024-2026, October 1, 2023 through September 30, 2026. The following subsections outline the methodology used to determine the goal for non-car rental ACDBE participation.

2.1 Non-Car Rental Concessions

Table 1 lists the previous three (3) federal fiscal years of gross receipts of non-car rental concessions, and Table 2 lists the projected potential gross receipts of non-car rental concessions for the upcoming federal fiscal years 2024-2026. The following are not included in the total gross receipts for non-car rental concessions:

- The gross receipts of car rental operations
- The dollar amount of a management contract or subcontract with a non-ACDBE,
- The gross receipts of business activities with a non-ACDBE under a management contract or subcontract, and
- Any portion of a firm’s estimated gross receipts not generated from a concession.

Table 1
Past 3 Federal Fiscal Years Gross Receipts for Non-Car Rental Concessions

Federal Fiscal Year	Amount
2020	\$28,695,880
2021	\$33,298,825
2022	\$46,136,657
Total	\$108,131,362

Source: CVG Uniform Reports for FFY 2020-2022

Table 2
Projected Gross Receipts for Non-Car Rental Concessions

Federal Fiscal Year	Amount
2024	\$59,731,100
2025	\$61,233,798
2026	\$62,585,124
Total	\$183,540,022

Source: CVG concessions sales estimates for FFY 2024-2026

If a new non-car rental concession opportunity arises during the triennial period, KCAB will analyze the opportunity and will determine if it is appropriate to adjust the overall non-car rental goal. If KCAB determines an adjustment is needed, then the revised overall non-car rental goal will be submitted to FAA for approval no later than 90 days before issuing the solicitation for the new concession opportunity (23.45(i)).

2.1 Step 1: Determination of the Base Figure

KCAB followed one of the five prescribed federal goal-setting methodologies in accordance with 49 CFR Part 23.51. By obtaining estimated gross receipts from non-car rental concessions, both non-ACDBE and ACDBE firms, KCAB calculated the base figure for non-car rental concessions to be 15.28%¹ by dividing the total estimated non-car rental gross receipts from ACDBEs by the total estimated gross receipts from all non-car rental concessions (Table 3).

Table 3
Non-Car Rental Base Figure Calculation

Concession Category	Est. Total Gross Receipts	ACDBE \$ of Total Est. Gross Receipts	ACDBE Part. %
Advertising	\$3,470,494	\$3,470,494	100.00%
Food and Beverage	\$92,433,387	\$14,698,270	15.90%
News and Gifts	\$38,669,684	\$5,800,453	15.00%
Shoe Shine	\$80,336	\$0	0.00%
Specialty Retail	\$46,106,514	\$4,075,275	8.84%
Vending	\$2,779,608	\$0	0.00%
Total	\$183,540,022	\$28,044,491	15.28%

Source: CVG concessions sales estimates for FFY 2024-2026

2.2 Step 2: Adjusting the Base Figure

Upon establishing the Base Figure, KCAB reviewed and assessed other known evidence to determine if the base figure calculation accurately reflects the relative availability of ACDBEs within the market area in accordance with the narrow tailoring provisions set forth under 49 CFR Part 23.51 Step 2 ACDBE Goal Adjustment guidelines.

Historical Non-Car Rental ACDBE Participation

Past ACDBE participation attainment provides demonstrable evidence of ACDBE availability and capacity to perform on CVG’s non-car rental concessions. Table 4 shows the ACDBE participation achieved on non-car rental concessionaires for the last five (5) federal fiscal years.

Table 4
Past ACDBE Participation Achievements for Non-Car Rental Concessions

FFY	RC Goal	RN Goal	Overall Goal	RC Part.	RN Part.	Total Part.
2018	5.20%	1.50%	6.70%	0.40%	1.95%	2.35%
2019	5.20%	1.50%	6.70%	3.27%	3.16%	6.43%
2020	5.20%	1.50%	6.70%	3.62%	3.75%	7.37%
2021	3.56%	3.34%	6.90%	3.72%	3.08%	6.80%
2022	3.56%	3.34%	6.90%	5.00%	8.88%	13.88%
Median ACDBE Past Participation						6.80%

Source: CVG Overall Triennial Goal Methodologies for FFY 2018-2020 and FFY 2021-2023 and Uniform Reports FFY 2018-2022

To arrive at an overall goal, KCAB added the Step 1 ACDBE Base Figure (15.28%) with the Step 2 Adjustment Figure (6.80%) and then averaged the total.

$$\text{Non-Car Rental ACDBE Base Figure} + \text{Non-Car Rental Median ACDBE Participation Within the Last Five (5) Years} \div 2 = \text{Non-Car Rental ACDBE Triennial Goal}$$

¹ Dividing the total estimated non-car rental gross receipts for ACDBEs by the total estimated non-car rental gross receipts (\$28,044,491 ÷ \$183,540,022 = 15.28%)

(15.28%)

(6.80%)

(11.04%)

Other Considerations

KCAB is not aware of any other factors or adverse considerations that would have a material effect on ACDBE availability within CVG marketplace or on ACDBE’s ability to participate (meeting bonding, insurance and financial requirements) in KCAB’s FAA-assisted contracting program. Therefore, no further consideration toward a goal adjustment was made. KCAB will continue to explore and consider all available evidence that materially would affect the opportunities for ACDBEs to form, grow, and compete in KCAB’s concessionaire program.

2.3 ACDBE Triennial Goal for Non-Car Rental Concessions FFY 2024-2026

KCAB’s Non-Car Rental ACDBE Triennial Goal for FFY 2024-2026 is 11.04%.

KCAB will breakout this goal into race-neutral (RN) and race-conscious (RC) components. To determine the race-neutral component, KCAB calculated the anticipated race-neutral portion² by dividing the estimated total race-neutral ACDBE gross receipts by the estimated total ACDBE gross receipts. KCAB then multiplied the anticipated race-neutral portion by the non-car rental ACDBE triennial goal to determine the race-neutral component.

$$\begin{array}{rclcl}
 \text{Race-Neutral Portion} & & \text{Non-Car Rental ACDBE} & & \text{Race-Neutral Component} \\
 & & \text{Triennial Goal} & & \\
 (51.90\%) & \times & (11.04\%) & = & (5.73\%)
 \end{array}$$

To determine the race-conscious component, KCAB subtracted the race-neutral component from the non-car rental ACDBE triennial goal.

$$\begin{array}{rclcl}
 \text{Non-Car Rental ACDBE} & & \text{Race-Neutral Component} & & \text{Race-Conscious Component} \\
 \text{Triennial Goal} & - & & = & \\
 (11.04\%) & - & (5.73\%) & = & (5.31\%)
 \end{array}$$

KCAB’s Overall Non-Car Rental ACDBE Triennial Goal is 11.04% with a 5.31% Race-Conscious Component and 5.73% Race-Neutral Component.

Overall Non-Car Rental ACDBE Goal	15.25%
Race-Conscious Component	5.31%
Race-Neutral Component	5.73%

3 ACDBE GOAL METHODOLOGY FOR CAR RENTAL CONCESSIONS FOR FFYS 2024-2026

KCAB annually has car rental concessionaire revenues greater than \$200,000. Because revenues exceed this amount, according to Part 23, KCAB must establish a goal for car rental ACDBE participation. The goal is intended to cover the three (3) year period for FFY 2024-2026, October 1, 2023 through September 30, 2026. The following subsections outline the methodology used to determine the goal for car rental ACDBE participation.

² Estimated total race-neutral ACDBE gross receipts divided by the estimated total ACDBE gross receipts (\$14,544,360 ÷ \$28,044,491,790 = 51.90%)

3.1 Car Rental Concessions

KCAB considered the previous three (3) federal fiscal years (FFYs) of good and services purchases (Table 1) and the car rental companies’ projected goods and services purchases for the upcoming triennial period (Table 2). The current car rental concession contracts will not expire during this goal period and no new contracts are being let during this goal period. These existing contracts require the car rental companies to make good faith efforts to comply with federal requirements regarding ACDBE participation.

Table 1
Past Goods and Services Purchases by Car Rental Concessions

Federal Fiscal Year	Amount
2020	\$14,675,479
2021	\$19,415,174
2022	\$54,742,706
Total	\$88,833,359

Source: CVG Uniform Reports for FFY 2020-2022

Table 2
Projected Goods and Services Purchases by Car Rental Concessions

Federal Fiscal Year	Amount
2024	\$45,903,433
2025	\$46,353,467
2026	\$46,803,500
Total	\$139,060,400

Source: Avis Budget Group

3.2 Step 1: Determination of Base Figure

KCAB followed one of the five prescribed federal goal-setting methodologies in accordance with 48 CFR Part 23.51. KCAB determined that all or most of the goal is likely to be met through other goods and services from ACDBEs. KCAB calculated the overall goal by dividing the estimated dollar value of such purchases from ACDBEs by the total estimated dollar value of all purchases to be made by car rental companies. Vehicle purchases have been excluded from the goal calculation because vehicle purchases are the bulk of car rental companies’ purchases. There are no car dealerships certified as an ACDBE by the Kentucky CUCP.

$$\begin{array}{rclcl}
 \text{Estimated ACDBE} & & \text{Estimated} & & \text{Car Rental} \\
 \text{Goods \& Services} & \div & \text{Total Goods \& Services} & = & \text{Base Figure} \\
 (\$1,880,682)^3 & & (\$139,060,400) & & (1.35\%)
 \end{array}$$

3.3 Step 2: Adjusting the Base Figure

Upon establishing the Base Figure, KCAB reviewed and assessed other known evidence to determine if the base figure calculation accurately reflects the relative availability of ACDBEs within the market area in accordance with the narrow tailoring provisions set forth under 49 CFR Part 23.51 Step 2 ACDBE Goal Adjustment guidelines.

Historical Car Rental ACDBE Participation

Past ACDBE participation attainment provides demonstratable evidence of ACDBE availability and capacity to perform on CVG’s car rental concessions. Table 3 shows the ACDBE participation achieved on car rental operations for the last five (5) federal fiscal years. The median historical ACDBE accomplishments from FFYs 2018 through 2021 is 2.14%.

Table 3
Past ACDBE Participation Achievements for Car Rental Concessions

³ The Estimated ACDBE Goods & Services was calculated based on current car rental concessionaires’ projection of ACDBE goods and services purchases for the upcoming triennial period.

FFY	RC Goal	RN Goal	Overall Goal	Total Goods & Services	Total Goods & Services to ACDBEs	ACDBE Part. %
2018	0.00%	1.00%	1.00%	\$72,929,623	\$2,594,468	3.56%
2019	0.00%	1.00%	1.00%	\$94,747,138	\$686,098	0.72%
2020	0.00%	1.00%	1.00%	\$14,675,479	\$418,673	2.85%
2021	0.00%	1.00%	1.00%	\$19,415,174	\$416,391	2.14%
2022	0.00%	1.00%	1.00%	\$54,742,706	\$624,146	1.14%
Median ACDBE Past Participation						2.14%

To arrive at an overall goal, KCAB performed an adjustment by adding the Step 1 Base Figure (1.35%) and the Step 2 Car Rental Median ACDBE Past Participation within the Last Five (5) Years (2.14%) and then averaged the total.

Car Rental ACDBE Base Figure	+	Car Rental Median ACDBE Participation Within the Last Five (5) Years	÷ 2	=	Car Rental ACDBE Triennial Goal
(1.35%)		(2.14%)			(1.75%)

Other Considerations

KCAB is not aware of any other factors or adverse considerations that would have a material effect on ACDBE availability within CVG’s marketplace or on ACDBE’s ability to participate (meeting bonding, insurance and financial requirements) in the KCAB’s FAA-assisted contracting program. Therefore, no further consideration toward a goal adjustment was made. KCAB will continue to explore and consider all available evidence that materially would affect the opportunities for ACDBEs to form, grow, and compete in the KCAB’s concessionaire program.

3.4 ACDBE TRIENNIAL GOAL FOR CAR RENTAL CONCESSIONS FFY 2024-2026

KCAB’s Car Rental ACDBE Triennial Goal for FFY 2024-2026 is 1.75%.

KCAB expects to meet the triennial goal with race-conscious means. KCAB will review its car rental goal annually to determine whether the overall goal is appropriate or can be adjusted. KCAB will inform the FAA of any significant adjustments to the goal before the next scheduled triennial goal period.

Overall Car Rental ACDBE Goal	1.75%
Race-Conscious Component	1.75%
Race-Neutral Component	0.00%

4 RACE -NEUTRAL MEASURES

49 CFR Part 23 requires that airports meet the maximum feasible portion of their overall ACDBE goals utilizing race-neutral means. Race-neutral participation includes any time that an ACDBE wins a contract through customary competitive procedures. Race-conscious methods are those that are focused specifically on assisting only ACDBEs, such as establishing a contract goal of ACDBE participation. KCAB will make an effort in executing the following race-neutral measures to help achieve the non-car rental and car rental ACDBE goals:

- Locating and identifying ACDBEs and other small businesses who may be interested in participating as concessionaires under 49 CFR Part 23.
- Notifying ACDBEs of concession opportunities and encouraging them to compete, when appropriate.
- When practical, structuring concession activities so as to encourage and facilitate the participation of ACDBEs.

- Ensuring that competitors for concession opportunities are informed during pre-solicitation meetings about how KCAB's ACDBE program will affect the procurement process;
- Providing technical assistance to ACDBEs in overcoming limitations, such as obtaining bonding or financing.

If race-neutral measures, standing alone, are not projected to be sufficient to meet an overall goal, KCAB will use the following race-conscious measures:

- Establishing concession-specific goals for particular concession opportunities.
- Requiring competitors to make good faith efforts, either by obtaining enough ACDBE participation to meet the goal or by documenting that it made sufficient good faith efforts to do so.

In order to ensure KCAB's ACDBE program will be narrowly tailored to overcome the effects of discrimination, if concession specific goals are used, KCAB will adjust the estimated breakout of race-neutral and race-conscious participation as needed to reflect actual ACDBE participation and race-neutral and race-conscious participation will be tracked 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 an ACDBE goal; 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.

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

5 PUBLIC PARTICIPATION

In accordance with Public Participation Regulatory Requirements of Title 49 CFR Part 26, minority, women, local business associations, and community organizations within the market area were contacted and provided an opportunity to review the triennial goal analysis and provide input. Prior to submitting the ACDBE goal for non-car rental and car rental concessions to FAA, KCAB will sponsor a virtual stakeholder consultation meeting to consult with minority and women's business groups, community organizations, trade associations representing concessionaires currently located at the airport, as well as with existing and potential concessionaires, and other officials or organizations which could be expected to have information concerning the availability of disadvantaged businesses, the effects of discrimination on opportunities for ACDBEs, and CVG's efforts to increase participation of ACDBEs.

A Public Notice will be issued on CVG's website (Attachment 1), notifying the public of the Draft Proposed FAA Overall ACDBE Goal-Setting Methodology for FFY 2024-2026. The notice will inform the public that the proposed goal and rationale are available for inspection for 30 days following the date of the Public Notice and will accept comments.

KCAB will reach out to local minority, women, and community business organizations to provide them information on KCAB's ACDBE program and specifically the Draft Proposed ACDBE Goal-Setting Methodology for FFY 2024-2026 and to solicit their comments. Each organization will be contacted multiple times by both telephone and email. The email blast which will be distributed is Attachment 2. The summary of all contact made in an attempt to receive input as part of this process is Attachment 3. KCAB will host a webinar for public comment and will show a presentation outlining the methodology (Attachment 4). KCAB will also record the webinar if the public would like to review the Triennial ACDBE Goal methodology for FFY 2024-2026.



ATTACHMENT 1: WEBSITE NOTIFICATION

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ATTACHMENT 2: SAMPLE E-BLAST

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ATTACHMENT 4: WEBINAR PRESENTATION