



Los Angeles
World Airports

February 11, 2021

Mr. Shaun A. Bouy
ACDBE/DBE Compliance Specialist – Western Pacific Region
Office of Civil Rights
Federal Aviation Administration
U.S. Department of Transportation
777 S. Aviation Blvd., Suite 150
El Segundo, CA 90245

LAX

Van Nuys

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Justin Erbacci
Chief Executive Officer

**Re: Los Angeles World Airports, Non-Car Rental Concessions
Triennial ACDBE Goal for FFYs 2021-2023
(October 1, 2020 through September 30, 2023)**

Dear Mr. Bouy:

As a federal grant recipient, Los Angeles World Airports (LAWA) is required by Title 49 Code of Federal Regulations, Part 23 Subpart 23.45 to submit an overall ACDBE goal for concession opportunities at the Los Angeles International Airport (LAX). As such, LAWA submits an overall **ACDBE goal of 23.04%** for the Non-Car Rental Concessions at LAX for Federal Fiscal Years (FFYs) 2021-2023. We propose to achieve this goal through **18.66% race-conscious measures and 3.11% race-neutral measures**. The methodology for calculating this ACDBE goal was based on the Active Participants List as outlined in Title 49 CFR, Subpart 23.51.

For LAWA, 2020 has been an unprecedented year, with COVID-19 causing significant impacts and a reduction in airport passenger volume beginning in mid-March 2020 and continuing to date. Most concessionaires at LAX predictably are struggling and all have been provided financial relief. Given the increased costs due to COVID-19 and reduced revenues across the board from all sources, maintaining LAWA budgeting and finances has been challenging.

Goal Calculation Methodology

Step #1 Determine Relative Availability of ACDBE Firms

LAWA used the Active Participants List to determine all available firms that were ready, willing, and able to participate in LAWA's concession opportunities at LAX. LAWA maintains a list of active participants that captures information on all businesses that have participated and/or attempted to participate in concession opportunities at LAX, both successful and unsuccessful.

A comparison was made of those firms certified as ACDBE to the total number of firms on the active participants list to obtain the base percentage that will be applied to the total gross receipts of LAWA's various Non-Car Rental concession agreements. As such, the base figure represents the percentage of available ACDBEs relative to all businesses in the geographic areas surrounding LAX airport as discussed below:



Total # of ACDBE Firms (LAX/VNY)	195
Total # of Firms (LAX/VNY)	689

LAWA calculated the ACDBE base goal by dividing 195 certified ACDBE firms (numerator) by 689 total number of firms (denominator) from the total of the Active Participants List. **The base figure is 28.30%.**

Step #2 Calculate the Adjustment to Base Figure

The ACDBE regulation provides for an adjustment of the calculated base goal for a variety of factors, including the current capacity of ACDBEs to provide services on LAWA's concessions, as measured by the volume of work the ACDBEs have performed in recent years. The Adjusted Base Figure was calculated by taking the average of the median ACDBE achievement (21.28%) in the past three fiscal years (FFYs 2017-2019) and the base figure (28.30%). As such, LAWA's Adjusted Base Figure is **24.79%**.

Base Figure	28.30%
Median ACDBE Achievement	21.28%
Adjusted Base Figure	24.79%

Furthermore, the FFY 2019 ACDBE achievement of 21.28% and the Adjusted Base Figure of 24.79% are used as a basis for calculating the base percentage of available ACDBE concessions revenue. Averaging the total of 46.07% (21.28% +24.79%) results in an adjusted base percentage of available ACDBE concessions revenue of **23.04%**.

Step #3 Calculate Projected Non-Car Rental Concessions Revenue (All/ACDBE)

LAWA's FFY 2019 Non-Car Rental Concessions Revenue is used as the basis:

FFY 2019 Non-Car Rental Concessions Revenue	\$877,630,478
Projected Non-Car Rental ACDBE Concessions Revenue	\$202,206,062

Step #4 Calculate the Projected Impact of COVID-19 on Economic Activity

In light of the uncertainty of the economic impact of COVID-19, LAWA has averaged the annual enplanement change from FFY 2018 to 2020 as **-24.48%¹**.

FFY	Enplanement	% Change
2018	87,198,907	
2019	88,068,965	1%
2020	44,081,371	-49.95%

¹ Averaging FFY2017-2018 Enplanement change would potentially have skewed the data.

The decrease in the annual enplanement of **-24.48%** represents the COVID-19 Impact on the Projected Annual Non-Car Rental Concessions Revenue.

FFY 2019 Non-Car Rental Concessions Revenue	\$877,630,478
COVID-19 Impact (-24.48%)	-\$214,843,941
Projected Annual Non-Car Rental Concessions Revenue (with negative impact of Covid-19)	\$662,786,537

Similarly, COVID-19 reduces the Projected Annual ACDBE Concessions Revenue to \$152,706,018:

Projected Total ACDBE Non-Car Rental Concessions Revenue	\$202,206,062
COVID-19 Impact (-24.48%)	\$49,500,044
COVID-19-Adjusted Projection of Annual ACDBE Non-Car Rental Concessions Revenue	\$152,706,018

Step #5: Calculate ACDBE Program Goal for Non-Car Rentals

The ACDBE Program Goal was calculated by dividing the Adjusted Projection of Annual ACDBE Non-Car Rental Concessions Revenue by the Projected Annual Non-Car Rental Total Concessions Revenue:

$$\$152,706,018 \text{ divided by } \$662,786,537 = \mathbf{23.04\%}$$

LAWA's Proposed FFYs 2021-2023 Non-Car Rental ACDBE Goal is 23.04%

As such, LAWA submits a Triennial ACDBE Goal of 23.04% for Non-Car Rental Concessions for FFYs 2021-2023 at LAX: 18.66% to be achieved through race-conscious measures and 4.38% through race-neutral measures.

Disparity Study

The City of Los Angeles has not conducted a disparity study, although LAWA currently is procuring a specialized disparity study with an initial award in 2021. Recent Disparity Studies in other regions such as DFW Airport (2019) and Washington State Airports (2019) were reviewed for relevance. LAWA used data from internal concessions reports.

Consultation with Stakeholders

LAWA prepared a Public Notice of the proposed goals on November 19, 2020, informing the public that comments would be accepted electronically for 30 days following the date of the notice. Publication of this notice was available through LAWA's website at <https://www.lawa.org/lawa-businesses/how-to-do-business-with-lawa/lawa-acdbe-goal-federal-fiscal-year-2021-2023>.

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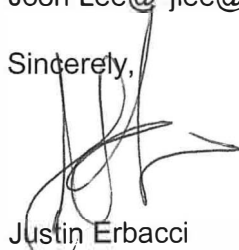
A stakeholder's meeting was also held online on December 2, 2020 with fifteen reservations and eleven non-LAWA attendees. No comments were received.

COVID-19 Uncertainty

The next three FFYs (2021-2023) are unpredictable and, as such, LAWA will notify the FAA if conditions arise that require an update to this goal.

If you have any questions, you may contact Delia Sorronda at dgoodine@lawa.org or Joon Lee@ jlee@lawa.org.

Sincerely,

A handwritten signature in black ink, appearing to read 'Justin Erbacci', written over the word 'Sincerely,'.

Justin Erbacci
Chief Executive Officer
Los Angeles World Airports

CC: Procurement Services Division
Business, Jobs, and Social Responsibility Division
Commercial Development Division

JE:BH:JL:DS