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NOTICE TO THE PUBLIC

AIRPORT CONCESSIONS DISADVANTAGED BUSINESS ENTERPRISE GOALS FOR
RALEIGH-DURHAM INTERNATIONAL AIRPORT

The Raleigh-Durham Airport Authority hereby publishes its proposed overall goals for its Airport Concessions Disadvantaged Business Enterprise (ACDBE) Program for fiscal years 2024, 2025, 2026.

The proposed ACDBE **non-car rental goal** for FY 2024-2026 is 29.5%.

The proposed ACDBE **rental car goal** for FY 2024-2026 is 5.8%.

The methodology used in developing each goal is available for inspection online at www.rdu.com. The Authority will receive and consider public comments on the proposed goals until July 10, 2023. Comments may be submitted to the Authority via email to Thiané Carter at thiane.carter@rdu.com.

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Section 23.45: Overall Goal Calculation for Concessions Other Than Car Rentals

Amount of Goal

The Raleigh-Durham Authority's (Authority) overall goal for concessions other than car rental (i.e. non-car rental) during the period beginning October 1, 2023 and ending September 30, 2026 is the following: **29.5%** of the total gross receipts for concessions at the Authority. The Authority estimates that, in meeting the overall goal of **29.5%** the Authority will obtain **1.6%** from race-neutral participation and **27.9%** through race-conscious measures.

The estimated gross receipts revenue projected for new concessions for the three-year period is approximately \$23,406,624. This figure is an aggregate estimate of anticipated concession opportunities over the next three years and not the overall for all airport concessions.

The concession opportunities anticipated during this goal period are projected as outlined below.

Concession Type	Appx. # of New Locations or Opportunities (#)	Projected Gross Receipts (2024-2026)
Advertising	1	\$ 3,600,000
News & Gift	2	\$ 7,472,191
Specialty Retail	3	\$ 1,461,398
Food & Beverage	2	\$ 13,303,063
Vending (Food)	8	\$ 167,140
Vending (Retail)	5	\$ 1,002,832
Estimated Projected Gross Revenues		\$ 23,406,624

Market Area for Non-Car Rental Concessions

The Authority has determined that its market area for non-car rental concessions is **nationwide**. This is 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 receive a substantial majority of concessions-related revenues are located. The market area is based on an active participant list as outlined in 23.51(c)(2).

Goal Methodology

Goods and Services

The Authority can meet the percentage goal by including the purchase from ACDBEs of goods and services used in businesses conducted at the airport. The Authority and the businesses at the airport shall make good faith efforts to explore all available options to achieve, to the maximum extent practicable, compliance with the goal through direct ownership arrangements, including joint ventures and franchises. The dollar value from purchases of goods and services from ACDBEs may be added to the numerator, and the dollar value from purchases of goods and services from all firms (ACDBEs and non-ACDBEs) may be added to the denominator.

Management Contract or Subcontract

The Authority can meet the percentage goal by including any business operated through a management contract or subcontract with an ACDBE. The Authority, and the businesses at the airport, will add the dollar amount of a management contract or subcontract with an ACDBE to the total participation by ACDBEs in airport concessions (both the numerator AND

the denominator) and to the base from which the Authority’s percentage goal is calculated. However, the dollar amount of a management contract or subcontract with a non-ACDBE and the gross revenue of business activities to which the management contract or subcontract pertains will not be added to this base in either the numerator or denominator. While the Authority realizes that this appears to go against the normal rules and rationale for goal-setting, this method is nevertheless required by statute.

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. If a new concession opportunity arises prior to the end of this goal period and the estimated average of annual gross revenues are anticipated to be \$200,000 or greater, the Authority will submit an appropriate adjustment to the overall goal. This will be submitted to FAA for approval at least 6 months before executing the new concession agreement (23.45(i)).

Step 1: Determination of Base Figure – Relative Availability of ACDBEs (23.51(c))

The Step 1 figure (weighted relative availability) was determined by dividing the number of ACDBE firms available by the total number of firms available to determine the relative availability of ACDBEs for the relevant concession type. The relative availability was multiplied by the ratio each concession type to total estimated revenue to determine the weighted availability of ACDBEs in the market area for each concession type as indicated below.

Concession Type	NAICS Codes	DBE Firms	All Firms	Relative Availability	Ratio of Estimated Gross Receipts	Weighted Availability
Advertising	541850	170	2,413	7.0%	0.13	0.009
News & Gift Specialty Retail Food & Beverage	453220	82	255	32.2%	0.82	0.265
	451212					
	722410					
	722515					
	722513					
	722511					
Vending	454210	58	2,682	2.2%	0.04	0.001
	445132					
Weighted Step 1 Base Figure						27.5%

The data source or demonstrable evidence used to derive the numerator and the denominator for food and beverage and retail was based on an active participant list as outlined in 23.51(c)(2). The active participants list is based on attendance sheets from concessions meetings held here at the Authority, including pre-proposal conferences and outreach meetings.

The data source or demonstrable evidence used to derive the numerator and denominator for all concessions *except* food and beverage and retail was the *Annual Business Survey: Statistics for Employer Firms by Industry, Sex, Ethnicity, Race, and Veteran Status for the U.S., States, Metro Areas, Counties, and Places: 2020* from the US Census Bureau.

The weighted relative availability of ACDBE firms (known as the Step 1 base figure) is 27.5%.

Step 2: 23.51(d)

After calculating the base figure, the Authority examined evidence to determine whether or not the base figure needs to be adjusted in order to arrive at the overall goal.

The historical ACDBE accomplishments at the Authority in recent years were examined relative to the above consideration. Specifically, the annual "Concessions Activity Report" for the reporting periods listed below was assessed. The Authority evaluated the current capacity of ACDBEs to perform work in the concessions program by measuring the volume of work ACDBEs have performed in the past.

Federal Fiscal Year	ACDBE Goal	ACDBE Participation	Over/ Under
2020	26.4%	28.5%	2.1%
2021	29.3%	30.9%	1.6%
2022	29.3%	29.5%	0.2%
Median		29.5%	1.6%

The median ACDBE accomplishment for each of the reporting periods as shown above is 29.5% compared to the Step 1 ACDBE goal for the Authority of 27.5%. Due to the ongoing effects of the pandemic on airport concessions, the Authority has determined that its base figure of 27.5% is not representative of the availability of ACDBE firms in the marketplace or the expected participation of ACDBE firms absent the effects of discrimination. In order to reflect the ACDBE participation the Authority would expect in the absence of discrimination, the Authority will utilize its median participation as the final overall goal. This is consistent with historic participation and the recovery of airport concessions. The overall goal for non-car rental concessions is **29.5%**.

There are no applicable disparity studies for the local market area or recent legal case information available to show any evidence of barriers to entry or competitiveness of ACDBEs.

Consultation with Stakeholders (23.43)

Prior to submitting this goal to the FAA, the Authority consulted with various minority trade organizations and small and/or minority business development agencies, including the North Carolina Institute for Minority Economic Development (the Institute) to obtain information concerning the availability of disadvantaged and non-disadvantaged businesses, the effects of discrimination on opportunities for ACDBEs, and the Authority's efforts to establish a level playing field for the participation of ACDBEs. Consultations included the dissemination of a written notice to area advocacy organizations, current and former concessionaires and posting the proposed goal on the Authority's website. No comments were received.

Additionally, the Authority invited advocacy organizations, current and former concessionaires to participate in a meeting on XXX. Finally, the Authority invited all current concessionaires to provide comment during an informal meeting at the Airport Minority Advisory Council Annual Conference. No comments were received.

Breakout of Estimated Race-Neutral & Race-Conscious Participation (23.51)

The Authority will meet the maximum feasible portion of its overall goal by using race-neutral means of facilitating ACDBE participation. The Authority uses the race-neutral measures below to increase 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); technical assistance program or taking other steps to foster ACDBE participation in concessions.

The Authority estimates that, in meeting the overall goal of **29.5%**, the Authority will obtain **1.6%** from race-neutral participation and **27.9%** through race-conscious measures.

The following is a summary of the basis of the estimated breakout of race-neutral and race-conscious ACDBE participation: The Authority proposes a race-conscious goal of 30.9% and a race-neutral goal of 0%, for a total of 30.9%. The reason for this projected split is that the historical information on ACDBE participation showed that the proposed ACDBE goal is substantially similar to the goal during the previous four years. The Authority has over-achieved the goal by 0.9%. This is the percentage by which the Authority will apply race-conscious measures.

If the Authority projects that race-neutral measures, standing alone, are not sufficient to meet an overall goal, it will use the following race-conscious measures to meet the overall goal:

1. Establish concession-specific goals for particular concession opportunities;
2. Negotiate with potential concessionaires to include ACDBE participation through direct ownership arrangements or measures, in the operation of the concession; and
3. With prior FAA approval, other methods that takes a competitor's ability to provide ACDBE participation into account in awarding a concession.

In order to ensure that the ACDBE program will be narrowly tailored to overcome the effects of discrimination, if the Authority uses concession-specific goals, it will adjust the estimated breakout of race-neutral and race-conscious participation as needed to reflect actual ACDBE participation (see 26.51(f)) and will track and report race-neutral and race-conscious participation 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 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 in making the award.

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

Section 23.45: Overall Goal Calculation for Car Rentals

Amount of Goal

The Raleigh-Durham Authority's (Authority) overall goal for car rental concessions during the period beginning October 1, 2023 and ending September 30, 2026 is the following: **5.8%** of the total expenditures of car rental operations at the Authority. The Authority estimates that, in meeting the overall goal of **5.8%**, the Authority will obtain **0.0%** from race-neutral participation and **5.8%** through race-conscious measures.

Goal Development (§ 23.51(c)(5)(ii))

Based on an analysis of ACDBE participation from each major car rental company located at the airport, the Authority has determined that all of the car rental goal is likely to be met through the purchases by car rental companies of vehicles or other goods or services from ACDBEs. Therefore, the Authority will structure the car rental goal entirely in terms of purchases of goods and services. The goal will be calculated 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.

Step 1: 23.51(c)(5)(ii)

Per 49 CFR Part 23.51(c)(5)(ii), the car rental goal was determined by dividing the estimated dollar value of such purchases [goods and services] from ACDBEs by the total estimated dollar value of all purchases to be made by car rental companies.

The estimated dollar value the purchases of goods and services from ACDBEs (\$3,076,905) divided by the total estimated dollar value of all purchases to be made by car rental companies (\$53,192,497) is 5.8%. The Step 1 goal is 5.8%.

Step 2: 23.51(d)

After calculating a base figure of the relative availability of ACDBEs, the Authority examined evidence to determine whether or not the base figure needs to be adjusted in order to arrive at the overall goal.

The historical ACDBE accomplishments at the Authority in recent years were examined relative to the above consideration. Specifically, the annual "Concessions Activity Report" for the reporting periods listed below was assessed. The Authority evaluated the current capacity of ACDBEs to perform work in the concessions program by measuring the volume of work ACDBEs have performed in the past as reflected in the Uniform Report of ACDBE Participation submitted to the Federal Aviation Authority each year. (Note: Due to the effects of the pandemic, the Authority has determined that it is appropriate to include historic participation rates for the period prior to the pandemic).

Federal Fiscal Year	ACDBE Goal	ACDBE Participation	Over/Under
2020	0.14%	3.90%	3.8%
2021	1.70%	9.68%	8.0%
2022	1.70%	5.77%	4.1%
Median		5.8%	4.1%

The median ACDBE accomplishment for each of the reporting periods as shown above is 3.9% compared to the Step 1 ACDBE goal for the Authority of 5.8%. The Authority will average the Step 1 ACDBE base figure of 5.8% with the median ACDBE participation of 5.8%, for a final adjusted overall goal of 5.8%.

There are no applicable disparity studies for the local market area or recent legal case information available to show any evidence of barriers to entry or competitiveness of ACDBEs.

The overall goal for car rental concessions is **5.8%**.

Consultation with Stakeholders (23.43)

Prior to submitting this goal to the FAA, the Authority consulted with various minority trade organizations and small and/or minority business development agencies, including the North Carolina Institute for Minority Economic Development (the Institute) to obtain information concerning the availability of disadvantaged and non-disadvantaged businesses, the effects of discrimination on opportunities for ACDBEs, and the Authority's efforts to establish a level playing field for the participation of ACDBEs. Consultations included the dissemination of a written notice to area advocacy organizations, current and former concessionaires and posting the proposed goal on the Authority's website. No comments were received.

Additionally, the Authority invited advocacy organizations, current and former concessionaires to participate in a meeting on XXX. Finally, the Authority invited all current concessionaires to provide comment during an informal meeting at the Airport Minority Advisory Council Annual Conference. No comments were received.

Breakout of Estimated Race-Neutral & Race-Conscious Participation (23.51)

The Authority will meet the maximum feasible portion of its overall goal by using race-neutral means of facilitating ACDBE participation. The Authority uses the race-neutral measures below to increase ACDBE participation. The Authority understands that it will be expected to actually take these steps, and this is not merely a paper exercise.

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

The Authority estimates that, in meeting the overall goal of **5.8%** the Authority will obtain **0.0%** from race-neutral participation and **5.8%** through race-conscious measures.

The reason for this projected split is that the historical information on ACDBE participation showed that ACDBE goal was overachieved by a median of 4.1% during the previous period. Therefore, the Authority will need to utilize a combination of race neutral and race conscious measures (including contract goals) in order to achieve the car rental goal.

If the Authority projects that race-neutral measures, standing alone, are not sufficient to meet an overall goal, it will use the following race-conscious measures to meet the overall goal:

1. Establish concession-specific goals for particular concession opportunities;
2. Negotiate with potential concessionaires to include ACDBE participation through direct ownership arrangements or measures, in the operation of the concession; and
3. With prior FAA approval, other methods that takes a competitor's ability to provide ACDBE participation into account in awarding a concession.

In order to ensure that the ACDBE program will be narrowly tailored to overcome the effects of discrimination, if the Authority uses concession-specific goals, it will adjust the estimated breakout of race-neutral and race-conscious participation as needed to reflect actual ACDBE participation (see 26.51(f)) and will track and report race-neutral and race conscious participation 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 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 in making the award.

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