

## 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, 2020 and ending September 30, 2023 is the following: **1.7%** of the total expenditures of car rental operations at the Authority. The Authority estimates that, in meeting the overall goal of **1.7%**, the Authority will obtain **1.5%** from race-neutral participation and **0.2%** through race-conscious measures.

### Market Area for Car Rental Concessions

Based on conversations with each major car rental company located at the airport, the Authority has determined that its market area is **nationwide**. This is the geographical area in which the substantial majority of firms which seek to do business with the car rental companies are located and the geographical area in which the firms with which car rental companies do business are located. Note that the Authority conferred with each of the major car rental companies located at the Airport to determine the market area. Each car rental company indicated that a majority of purchasing decisions were made from their respective corporate offices (i.e. headquarters). Therefore, the market area of businesses seeking to do business with the car rental companies is nationwide.

### Base of Goal

Concessions revenue opportunities for the 3-year period are based upon the purchases of goods and services by the car rental companies at the airport. The Authority is utilizing purchasing information from the past three years to estimate total expenditures for the next three-year period. (Due to the effects of the pandemic, expenditures are expected to remain flat during the goal period).

The three-year total value of goods and services purchases (\$152,827,281) is expected to remain flat (i.e. neither increase nor decrease) during the goal period.

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)).

### Methodology used to calculate overall goal

#### 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.

**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 (\$2,638,237) divided by the total estimated dollar value of all purchases to be made by car rental companies (\$152,827,281) is 1.7%. The Step 1 goal is 1.7%.

**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.

<b>Federal Fiscal Year</b>	<b>ACDBE Goal</b>	<b>ACDBE Participation</b>	<b>Over/ Under</b>
2017	0.6%	0.02%	-0.6%
2018	0.14%	1.90%	1.8%
2019	0.14%	1.6%	1.5%
<b>Median</b>		<b>1.6%</b>	<b>1.5%</b>

The median ACDBE accomplishment for each of the reporting periods as shown above is 1.6% compared to the Step 1 ACDBE goal for the Authority of 1.7%. The Authority will average the Step 1 ACDBE base figure of 1.7% with the median ACDBE participation of 1.6%, for a final adjusted overall goal of 1.7%.

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 1.7%.

**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 June 26, 2017. 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.

A public notice was issued in the *News & Observer* newspaper to ensure any individual or organization, potentially having information concerning the availability of disadvantaged businesses, the effects of discrimination on opportunities for ACDBEs, and the Airport Board's efforts to increase participation of ACDBEs, received the opportunity to provide comments. 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 **1.7%** the Authority will obtain **1.5%** from race-neutral participation and **0.2%** through race-conscious measures.

The reason for this projected split is that the historical information on ACDBE participation was based on a different goal setting methodology and participation was largely based on the participation of ACDBE new car dealers. The known new car dealers are not likely to meet ACDBE certification standards in the future and therefore will no longer count towards ACDBE participation. Therefore, the Authority will need to utilize 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.

## 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, 2020 and ending September 30, 2023 is the following: **29.3%** of the total gross receipts for concessions at the Authority. The Authority estimates that, in meeting the overall goal of **29.3%** the Authority will obtain **0%** from race-neutral participation and **29.3%** through race-conscious measures.

The estimated gross receipts revenue projected for new concessions for the three-year period is approximately \$38,971,278. 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.

<b>Concession Type</b>	<b>Appx. # of New Locations (#)</b>	<b>Appx Revenues of New Locations (\$)</b>
Food/ Beverage	12	\$33,143,083
Advertising - Broadcast	1	\$1,176,020
Advertising - General	1	\$560,463
Foreign Currency	1	\$2,456,247
Taxi Stand Concessions	1	\$1,635,465
<b>Estimated Projected Gross Revenues</b>		<b>\$38,971,278</b>

### **Market Area for Non-Car Rental Concessions**

The Authority has determined that its market area 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.

$$\text{ACDBEs} \quad / \quad \text{All Firms} \quad = \quad \text{Relative Availability} \quad \times \quad \text{Ratio of Estimated Gross Receipts} \quad = \quad \text{Weighted Relative Availability}$$

Concession Type	NAICS Codes	DBE	ALL	Relative Availability	Ratio of Estimated Gross Receipts	Weighted Availability
Retail	453220, 451212	82	255	0.32	0.93	0.30
Food & Beverage, Snack	722310, 454210					
Advertising - Broadcast	515120	147	2,103	0.07	0.00	0.00
Advertising - General	541850	464	2,765	0.17	0.02	0.00
ATM	522110	629	90,064	0.01	0.00	0.00
Personal Services	812990	8,563	16,986	0.50	0.01	0.01
Foreign Currency	523130	183	853	0.21	0.02	0.00
Taxi Stand Concessions	485310	1,338	3,222	0.42	0.01	0.00
<b>Weighted Step 1 Base Figure</b>						<b>31.9%</b>

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 the most recent 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: 2017* from the US Census Bureau, accessed on October 13, 2020.

The weighted relative availability of ACDBE firms (known as the Step 1 base figure) is 31.9%.

**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.

In order to reflect as accurately as possible the ACDBE participation the Authority would expect in the absence of discrimination, the Authority has adjusted the base figure. The overall goal for non-car rental concessions is 29.3%.

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
2017	27.0%	26.8%	-0.2%
2018	26.4%	27.2%	0.8%
2019	26.4%	26.2%	-0.2%
<b>Median</b>		<b>26.8%</b>	<b>-0.2%</b>

The median ACDBE accomplishment for each of the reporting periods as shown above is 26.8% compared to the Step 1 ACDBE goal for the Authority of 31.9%. The Authority will average the Step 1 ACDBE base figure of 31.9% with the median ACDBE participation of 26.8%, for a final adjusted overall goal of 29.3%.

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 November 9, 2020. 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.

A public notice was issued in the *News & Observer* newspaper to ensure any individual or organization, potentially having information concerning the availability of disadvantaged businesses, the effects of discrimination on opportunities for ACDBEs, and the Airport Board's efforts to increase participation of ACDBEs, received the opportunity to provide comments. No comments were received.

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

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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 **29.3%**, the Authority will obtain **0%** from race-neutral participation and **29.3%** 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 29.3% and a race-neutral goal of 0%, for a total of 29.3%. The reason for this projected split is that the historical information on ACDBE participation showed that ACDBE goal was underachieved by 0.2% during the previous three years. This indicates that the Authority should focus its efforts on achieving the goal using 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
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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.