

Memorandum



CITY OF DALLAS

DATE November 27, 2013
TO The Honorable Mayor and Members of the City Council
SUBJECT Dallas/Fort Worth International Airport Concessions Program

On December 4, 2013, the City Council will be briefed on the concessions program at Dallas/Fort Worth International Airport. The briefing will be provided by Mr. Ken Buchanan, Executive Vice President of Revenue Management and Ms. Linda Valdez Thompson, Executive Vice President of Administration. Preceding the briefing, Mr. Phil Ritter, Executive Vice President of Government Affairs will introduce Mr. Sean Donohue, DFW's newly appointed Chief Executive Officer to the City Council.

Please let me know if you have questions or need additional information.



A.C. Gonzalez
Interim City Manager

c: Warren M.S. Ernst, City Attorney
Judge Daniel F. Solis, Administrative Judge
Rosa A. Rios, City Secretary
Craig D. Kinton, City Auditor
Ryan S. Evans, Interim First Assistant City Manager
Jill A. Jordan, P. E., Assistant City Manager
Forest E. Turner, Assistant City Manager
Joey Zapata, Assistant City Manager
Charles M. Cato, Interim Assistant City Manager
Theresa O'Donnell, Interim Assistant City Manager
Jeanne Chipperfield, Chief Financial Officer
Frank Libro, Public Information Officer
Elsa Cantu, Assistant to the City Manager – Mayor and Council

**Dallas/Fort Worth International Airport
Concessions Program
Dallas City Council
December 4, 2013**

**Ken Buchanan
Executive Vice President, Revenue Management**

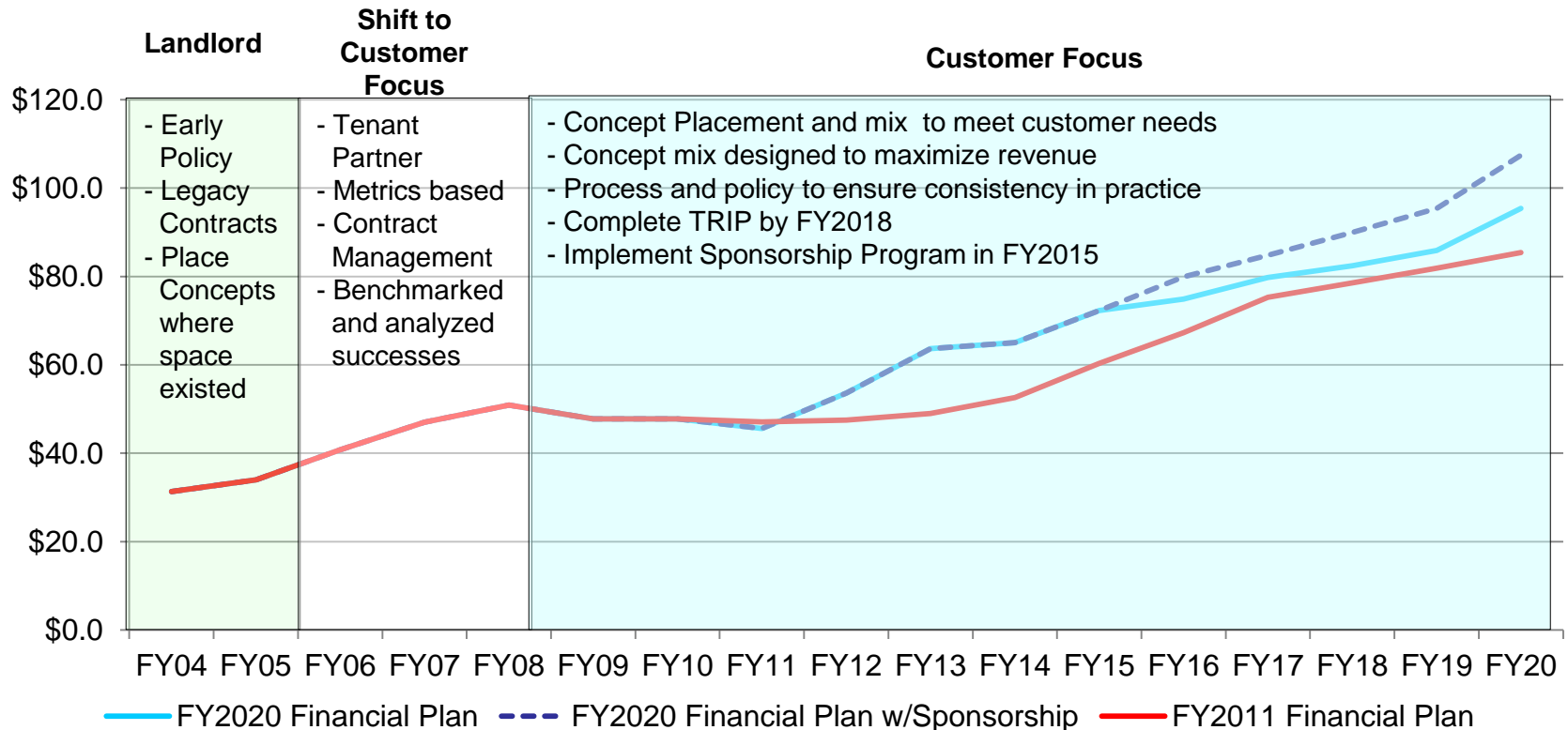
**Linda Valdez Thompson
Executive Vice President, Administration and Diversity**

Concessions Program

- Concessions Overview
 - Revenue Drivers
- Terminal D Master Plan
- RFP Process and Diversity Plan
- Summary

Concessions Overview – 5 Year Financial Plan

By FY2020, financials are projected to grow 26% vs. FY2011 Financial Plan as a result of optimizing concessionable space, passenger growth and new business



Concessions Overview – Financial Plan Key Revenue Growth Drivers

Three primary drivers have led to an enhanced customer experience and revenue

Current

New Business

- Driven primarily by non-passenger dependent components – Advertising

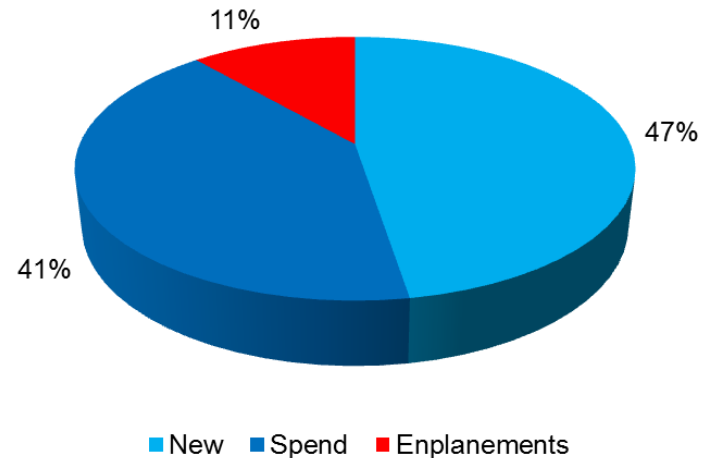
Spend

- New and Re-concepted locations

Enplanements

- Increased passenger volume due to new service routes and new carrier entrants

Revenue Growth FY13 vs. FY08



Concessions Overview – Create the right balance

To optimize revenue, a mix of 40% Retail and 60% Food with consumer-driven brands is required.

Pre-TRIP Performance

	Square Footage		SqFt vs. % Sales generated	
	Retail	F&B	Retail	F&B
Terminal A	36%	64%	33%	67%
Terminal B	36%	64%	33%	67%
Terminal C	35%	65%	29%	71%
Terminal D	47%	53%	50%	50%
Terminal E	36%	64%	47%	53%
DFW	38%	62%	37%	63%

- Terminal A: ■ Need more retail
- Terminal B: ■ Re-concept food/ More Retail
- Terminal C: ■ Need more retail/re-concept Food offerings
- Terminal D: ■ Food/price variety
- Terminal E: ■ Re-evaluate

Concessions Overview – 5 Year Financial Plan Goal Assumptions

Targeted to meet and exceed the \$10 Gross Receipts per Enplanement goal in all Terminals

Terminal Totals

	2010	2013	2014	2015	2016	2017
A	\$ 7.80	\$ 9.47	9.93	\$12.00		
B	\$ 8.21	\$ 8.38	8.71		\$10.00	
C	\$ 6.56	\$ 7.84	8.12			\$10.00
E	\$ 6.63	\$ 8.33	8.59		\$10.00	

Terminal A Results (after Section A opened)

Section	2010	2013	2013	2014	2015
	(Mar-Sep)	(Mar-Sep)			
A	\$ 9.73	\$ 11.81	\$11.11	\$11.59	\$12.00
B	\$ 12.27	\$ 10.79	\$15.17	\$10.59	
C	\$ 4.75	\$ 7.93	\$8.96	\$7.79	
Total	\$ 8.45	\$ 10.12	\$9.47	\$9.93	





DFW TERMINAL D

“Terminal D is Worth the Walk”



Terminal D Concessions Master Plan

- **3 GUIDING PRINCIPLES:**
 - Engage passengers immediately
 - Provide exciting, innovative opportunities and experiences
 - Create a TOTAL EXPERIENCE
- **Result: Make Terminal D “Worth the Walk!”**



Terminal D Concessions Master Plan

Phase One features new retail



**Activate the
center section**

Terminal D Concessions Master Plan

Increase square footage by 15% to focus on customer-centric brands

- Growth categories
 - Specialty retail
 - Luxury and Affordable Luxury brands
 - Self-indulgence
 - Convenience
 - Mobile electronics
 - Food variety
 - Health and wellness



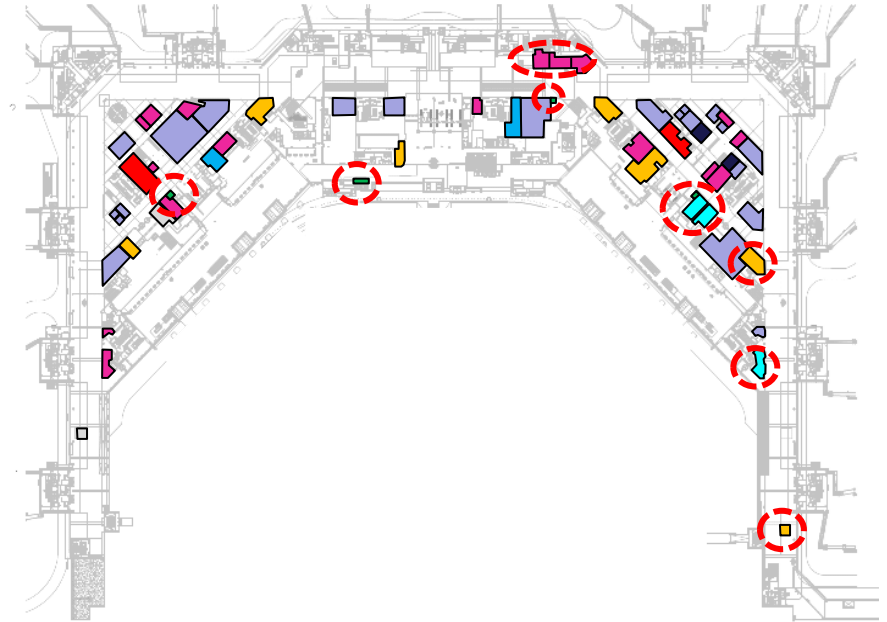
Source: SH&E/CAM Existing Trend Analysis; Identified key segments to focus; September 2006

Note: Enlisted Buxton to define categories; validated with internal research

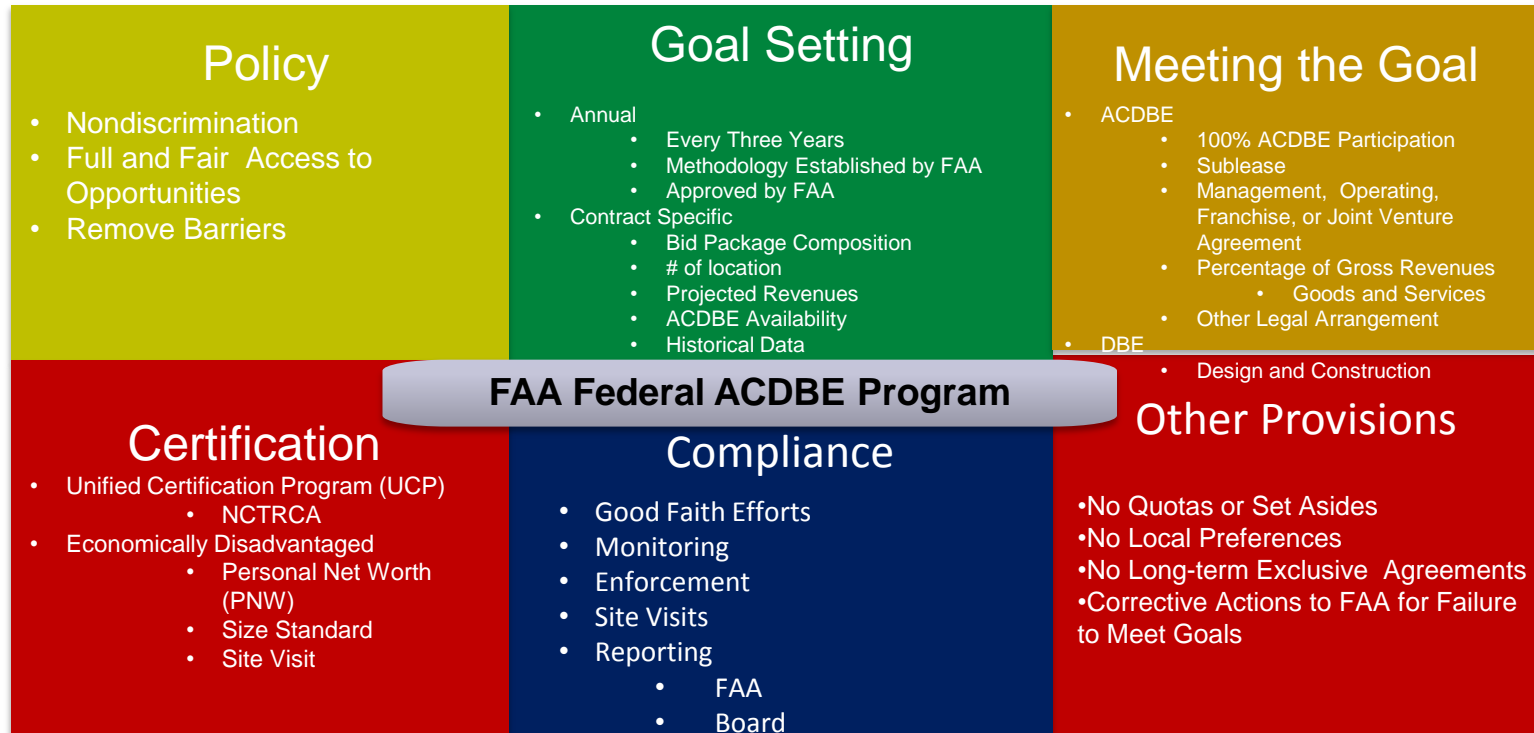
Terminal D Concessions Master Plan

Terminal D Phase I RFP

- Released September 30, 2013
- 18 Locations
 - Passenger services
 - Retail
- RFP packages:
 - 6 packages
 - Packages include locations in Terminals B – B/D connector and Stinger



Airport Concession Disadvantaged Business Enterprise (ACDBE) Overview



Interdepartmental Participation

- **Advisory Committee**
 - Executive Vice Presidents
 - Audit
- **Subject Matter Experts**
 - Concessions/ Commercial Development
 - Marketing
- **Compliance**
 - BDDD
 - Finance
 - Legal
- **Selection Committee**
 - Concessions
 - Customer Service
 - Parking
 - Marketing
 - Government and Public Relation
 - Finance
 - BDDD



Concession Process

- **Disqualifications**
 - Involvement in more than one proposal
 - Collusion
 - Default or in arrears under existing agreement
 - Unresolved Claims
 - Minimum Requirements not met
 - Non Compliance with existing terms
- **Minimum Requirements**
 - Experience
 - Deposit
 - Acknowledgement Form
 - Business Disclosure
 - Concept
 - Rent
- **Responsiveness**
 - Financial
 - ACDBE/DBE



Concession Process (Con't)

- **Scoring**
 - Concept
 - Location Design
 - Innovation
 - Operations Overview
 - Management Experience
- **Interviews**
 - Further clarifications
 - Questions
 - Close written evaluation
- **Recommendations**
 - Advisory Committee
 - Board
- **Debriefs**



ACDBE & MBE Participation FY2013 – Concessions

ACDBE & MBE Gross Revenues: 52.7%

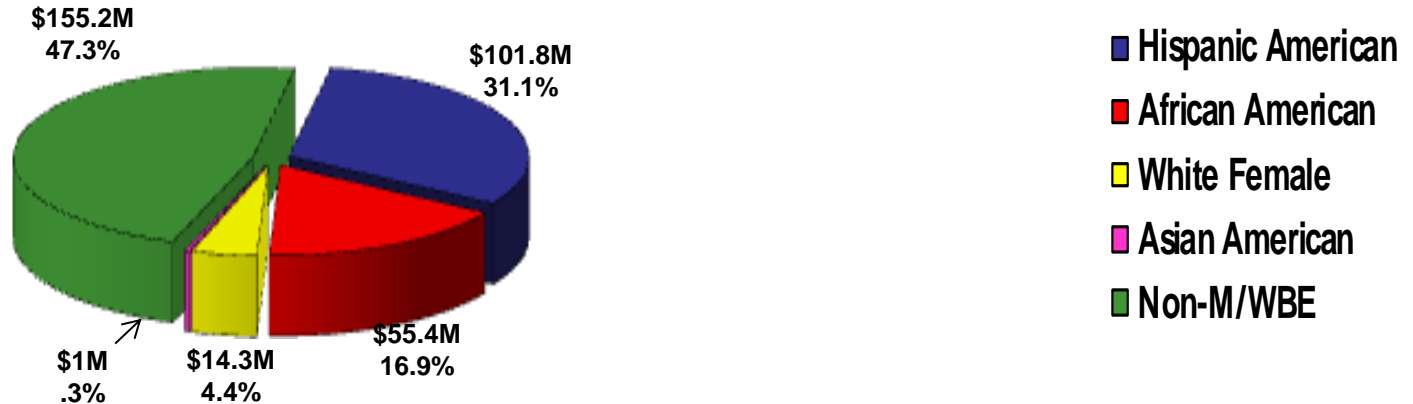
TOTAL GROSS REVENUE: \$327.7M

ACDBE: \$130.7M (40.0%)

MBE: \$41.8M (12.7%)

NON: \$155.2M (47.3%)

In Millions with Percent



The reported numbers reflect gross revenues reported by concessionaires to the Concession Department from October 1, 2012 – September 30, 2013.

There are a total of 38 ACDBEs. There are 34 (90%) *local and 4 non-local concessionaires (10%).

* North Texas 12 County Area.

Concessions Process

Outreach has consisted of providing information and hosting meetings with local chambers/advocacy groups and advertising in targeted media, culminating in a Pre-Proposal Conference

- Pre-Proposal Conference
- 201 attendees

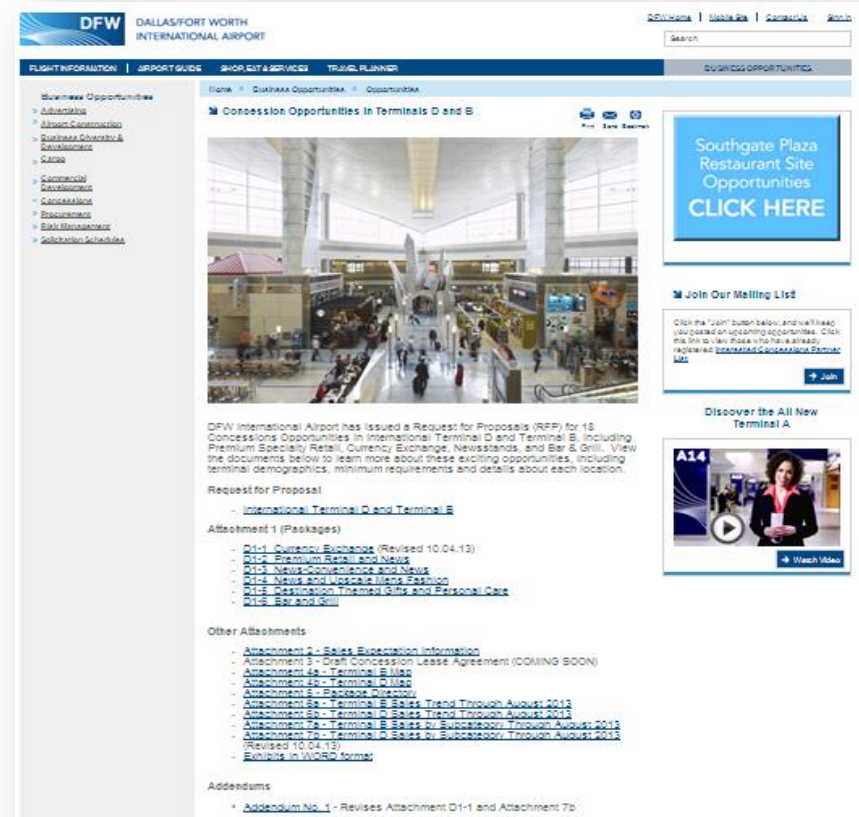


Concessions Process - Communication

DFW Airport Website

www.dfwairport.com/opportunities

- Request for Proposal
- Concession Partner List
- Addendums
- Presentations



DFW DALLAS/FORT WORTH INTERNATIONAL AIRPORT

ADVERTISE | MEDIA | CONTACT | ABOUT

FLIGHT INFORMATION | AIRPORT GUIDE | SHOP, EAT & SERVICES | TRAVEL PLANNER | BUSINESS OPPORTUNITIES

Home » [DALLAS OPPORTUNITIES](#) » [Opportunities](#)

Concession Opportunities in Terminals D and B

DFW International Airport has issued a Request for Proposals (RFP) for 18 Concessions Opportunities in International Terminal D and Terminal B, including Premium Specialty Retail, Currency Exchange, Newsstands, and Bar & Grill. View the documents below to learn more about these exciting opportunities, including terminal demographics, minimum requirements and details about each location.

Request for Proposal

- [International Terminal D and Terminal B](#)

Attachment 1 (Packages)

- [D1-1 Currency Exchange \(Revised 10.04.13\)](#)
- [D1-2 Premium Retail and News](#)
- [D1-3 Newsstand and News](#)
- [D1-4 News and Apparel Mens Fashion](#)
- [D1-5 Destination Terminal Gifts and Personal Care](#)
- [D1-6 Bar and Grill](#)

Other Attachments

- [Attachment 2 - Sales Expectation Information](#)
- [Attachment 3 - Draft Concession Lease Agreement \(COMING SOON\)](#)
- [Attachment 4a - Terminal B Site](#)
- [Attachment 4b - Terminal B Site](#)
- [Attachment 5 - Package Details](#)
- [Attachment 6a - Terminal B Sales Trend Through August 2013](#)
- [Attachment 6b - Terminal B Sales Trend Through August 2013](#)
- [Attachment 7a - Terminal B Sales by Subcategory Through August 2013](#)
- [Attachment 7b - Terminal B Sales by Subcategory Through August 2013 \(Revised 10.04.13\)](#)
- [Available in WRP format](#)

Addendums

- [Addendum No. 1](#) - Revises Attachment D1-1 and Attachment 7b

Southgate Plaza Restaurant Site Opportunities
CLICK HERE

Join Our Mailing List

Click the "Join" button below and we'll keep you posted on upcoming opportunities. Click the link to view those who have already registered. [View All Concession Partner List](#)

Discover the All New Terminal A

A14

Watch Video

Concessions Process

Terminal D Phase1 RFP Schedule

Requirement	Concessions
Preparation of RFP and ACDBE goal determination	July – August 2013
Notification and RFP Release	September 30, 2013
Pre-proposal Conference	October 16, 2013
RFP Questions Deadline	November 14, 2013
Proposal Due Date	December 3, 2013/ January 8, 2014
Tentative Interviews	April 23-25, 2014
Board Action to Approve Selected Proposer	May 2014

Summary

- Focused on customer
- Focused on key drivers
- Inclusive – multi-functional departments
- Transparent – during and after the selection process



**Dallas/Fort Worth International Airport
Concessions Program
Dallas City Council
December 4, 2013**

Ken Buchanan

Executive Vice President, Revenue Management

Linda Valdez Thompson

Executive Vice President, Administration and Diversity