

## Questions Related to the Terminal Development Program Concessions Planning

The DFW Airport Concessions Department has received many questions regarding the upcoming Terminal Development Program (TDP), especially as to how it will affect concession operations.

Below are questions we have recently received, grouped into four main categories:

1. Performance Criteria for Reviewing Existing Concession Operations
2. Request for Proposal Process
3. Existing Lease Termination and/or Extension
4. Terminal Design and Layout

DFW's responses appear in [blue](#).

### **PERFORMANCE CRITERIA FOR REVIEWING EXISTING CONCESSION OPERATIONS**

1. How are industry standard performance criteria being adjusted to account for the terminal shape impact on current concession performance criteria?
2. How does this impact ranking a store in one terminal versus a store in another terminal?
3. What is the weight that is being put on the different measurements?
4. What are the Performance Criteria referred to in Option A and Option B?
5. Are current operators aware of the Performance Criteria?
6. Is information used to formulate the Performance Criteria shared with Concessionaires?

[DFW](#): In planning for the future use of concession space, it has been suggested that existing concessionaires should receive consideration for their operations at DFW through the use of performance criteria. Such criteria could be utilized in two different ways, highlighted in the options below:

#### [Option A – During an RFP Process](#)

[Issue an RFP for all locations going forward and provide scoring allowances for incumbent concession locations that meet performance criteria](#)

#### [Option B – Before an RFP Process](#)

[Identify criteria for top performing concession locations via criteria that would receive extensions without going through an RFP process](#)

[In addition to these options, there may be other instances where performance criteria may be considered, and we are open to suggestions in that regard.](#)

[In the event the Board elects to use performance criteria in evaluating current concessionaire performance, we believe such criteria should include three major components:](#)

1. [Lease compliance](#)
2. [Financial compliance](#)
3. [Customer service performance](#)

[Also, we feel any criteria should compare an operation's performance against its respective terminal section and category.](#)

We have scheduled meetings to reach out to concessionaires to inform them about the process and to receive their feedback. This input will be beneficial in creating any performance criteria.

7. Can the raw data be shared with the Concessionaires on a monthly basis so that we can focus on improving what the airport Staff feels is important?  
DFW: We currently provide to concessionaires monthly sales, enplanement data and mystery shop scores. Additionally, mystery shop scores can be viewed at any time by each concessionaire. Sales per square foot and capture rates are provided at business review meetings. We will investigate how best to provide on at least a quarterly basis.
8. If there is a ranking of locations and concessionaires, will it be published on an ongoing basis?  
DFW: The ranking of locations has been provided during business review meetings. Once the criteria have been approved, any ranking will be provided.
9. Is the Staff willing to work with Concession owners in addition to outside consultants on how to come up with an algorithm to account for the terminal layout?  
DFW: We have scheduled several meetings with concessionaires to gather their feedback about the upcoming TDP process, and we are formulating a possible performance criteria standard.
10. How do closed or unused gates impact measurements between locations even within the same section?  
DFW: Terminal section enplanement data will be utilized for the planning of concession locations.
11. What studies have been done that show the walking and holding pattern of passengers in the terminals?  
DFW: Some studies have been conducted by DFW's Market Research group. We will obtain copies of that research and post on the TDP Concessions Planning page.
12. Staff has presented in the past that the dwell time is different in each terminal. How does this impact shopping behavior and spend patterns?  
DFW: We have posted dwell time information on the TDP Concessions Planning page. Marketing will be conducting additional studies later this month on passenger dwell time. Once the study has been finalized, we will share it with concessionaires at a future owners meeting.
13. Will dwell time be a factor in accounting for differences in "raw performance criteria"?

DFW: We have not finalized the criteria for performance criteria. Moreover, though we believe that dwell time is a factor and have some data on shopping mall impact, we currently do not have supporting data for airports.

14. Both Jeff and Ken said that the Staff receives enplanement information down to the gate level; can this be made available to concessionaires in a timely manner to help them measure their own performance?

DFW: We distribute on a monthly basis the gate activity data that American Airlines shares with us, which provides a gate-by-gate usage analysis. This information is distributed to 200+ email addresses, including all the concession owner and management contacts with which we have been provided. We will continue to provide data but must be sensitive to carrier requests regarding confidential proprietary data.

15. Comparisons were mentioned between DFW and other airports; are the differences or impact of passenger type, dwell time and terminal layout being taken into consideration? If so, can that be made known?

DFW: Please review the research studies conducted by SH&E-CAM and the Boston Consulting Group, which have been posted on the TDP Concessions Planning page. Further studies will be posted as they become available.

16. What is the performance criteria that DFW Staff expects or considers successful under the current and future configurations?

DFW: We have not finalized performance criteria at this time. Any criteria that is established will include three major components:

1. Lease compliance
2. Financial performance
3. Customer service performance

## **RFP PROCESS**

1. Does the Board still want to put a premium on Local and M/WBE / DBE companies?
2. Does the Board prefer that M/WBE – DBE companies be majority owners / sole operators or minority partners, in the legal term of minority partner?
3. What is the M/WBE – ACDBE goal for the new concessions program?

DFW: At the October Airport Board Meeting, the Business Development and Diversity Committee will present criteria for reviewing Airport Concession Disadvantaged Business Enterprises.

4. What will be the length of the new contracts?

DFW: These are current term Airport concessions leases:

- Food & Beverage, Sit-Down: five to seven years
- Food & Beverage, Food Court and Bars: seven years
- Retail: five to seven years

Terms for future leases have not been established.

5. Who will sit on the RFP selection committee?
6. Will DFW follow other airports by asking people from other airports to sit on the panel or will it be DFW Staff only?
7. Because of the multiple stages of construction over several years, will there be one RFP submission at the beginning of construction, or will there be multiple RFP's at the start of each section's renovation?
8. Will stores be put in "Packages"? If packages are utilized, will stores/restaurants in a "package" open at the same time or at different times? Is Staff thinking that they will award each section renovation as a package? Almost like a "master" concessionaire for each "village" of concessions in a terminal?
9. How will the MAG (Minimum Monthly Rent) be calculated?
10. How do M/WBE and DBE goals enter into the full RFP and even temporary operations?

DFW: We have not developed guidelines for the RFP process. Such guidelines will be developed within six months.

#### **EXISTING LEASE TERMINATION AND/OR EXTENSION**

1. It was said that leases that expire prior to the terminal renovations will be extended until the renovations start. Does this apply to all Concessionaires or only those that are in "good financial standing" with the airport?  
DFW: All locations would be staggered based on the construction timeline. In case of default, staff would follow policy and the Lease for remedy guidelines.
2. Does it make sense to extend the lease of an owner that is behind in payments? If not, what happens to the space? Does it close by default? Is another vendor asked to keep the store open until the renovations?  
DFW: If a location goes into default, the policy and Lease will provide guidance.
3. If another vendor is asked to keep an operation open during renovations, how is the new operator selected? What would the rent structure be?  
DFW: Staff would direct negotiate with a potential tenant, and terms would be voted on by the Board.
4. Can we get an exact interpretation of "Unamortized Capital"?
  - 1) It needs to be addressed what will be allowed to be removed from the location by the concessionaires. I.E. kitchen equipment, fixtures, etc.
  - 2) How long will it take to get refunded?

- 3) Will we be reimbursed for space acquisition costs?
- 4) Will DFW reimburse for any additional items: i.e. Compensation for terminated employees, obsolete inventory, closing costs, etc.

DFW: The provisions of the Lease that relate to unamortized capital will still apply. Please see some of the portions of the Lease below that pertain to unamortized capital.

*B. Capital investment(s), and any obligation of the Board to Concessionaire for any unamortized capital investment as may be provided in this Lease, shall be defined and subject to the following conditions:*

1. *Capital Investment dollars are those dollars spent in actual construction or remodeling as well as architectural and engineering fees relating thereto. Capital Investment dollars shall also include dollars paid to the Board or to a prior tenant of the space, in order to acquire a release of the space for Concessionaire's use.*
2. *Any obligation by the Board to pay unamortized capital investment after a termination without cause shall be based upon Concessionaire's timely submitted report as provided herein.*

5. Will new locations, stores, kiosks be added to the sections of the terminals that awaiting to be renovated? If so, would this not dilute the sales for those that remain there until demolition?

DFW: Only if a need is determined to help with passenger flow and safety.

6. How will the MAG be impacted on locations that are closed that are part of a package with stores that will remain open?

DFW: We will work with DFW's Legal Counsel in such situations. However, the goal would be to reduce the package using either sales or square footage.

7. For stores that are closed, will all other charges stop for that location?

DFW: Yes.

8. In what condition will the locations be expected to be left by Concessionaires?

DFW: The Lease provisions will apply.

## **TERMINAL DESIGN AND LAYOUT**

1. Regarding terminal parking facilities, what exactly will replace the current three garages in each terminal?
2. Will the walk from parking to security to gate be longer or shorter than current conditions?
3. Will sufficient parking be put in place in each terminal to allow parking in the new lots for employees? This would allow DFW to eliminate the shuttle service for employees. Maybe reduce Concessionaire parking fees?
4. Has there been any thought of closing the open space between the terminal building and the side walk? There could be room for an outdoor café(s).  
DFW: More information will be provided once determined through programming.
5. Is centralized warehousing going to be considered or put into place?
6. Are loading docks being planned for concession replenishment?
7. Will concessionaires have to bring product through the same security checkpoints as travelers?  
DFW: Prior to the TDP, the Airport had already begun evaluating a consolidated distribution program. This week, a concessionaire focus group was conducted to gather input, and we will continue to provide communication on this topic as it becomes available.
8. What is staff's plan for pre-security locations?
9. What has been the success rate for pre-security locations in the past?  
DFW: We will evaluate during programming and concessions plan development the feasibility of pre-security locations. Prior performance will be taken into consideration.
10. How many check points will there be in each terminal?  
DFW: Per Jim Crites' presentation on September 9<sup>th</sup>, the Airport is considering two checkpoints for Terminals A, B and C, and possibly three checkpoints for Terminal E.
11. Does reducing the number of check points increase the walking distance for the passengers?  
DFW: We will not know exact passenger flows until programming is completed.
12. Will there still be special portals for certain approved concessionaires?  
DFW: Currently, we do not anticipate any changes.
13. What metrics will be used to determine the size of the villages?  
DFW: Enplanement, passenger flows and available space will be the drivers that determine village size and composition.
14. Is the concession space capacity driven by the anticipated traffic numbers in 2011, 2020 or 2030?  
DFW: The overall program is driven by the future, though the total occupied space will be driven by current enplanements.

15. Does choosing either one of these years (2020 or 2030) change the amount of space that will be built out and or opened at the beginning of the terminal renovations?  
DFW: Yes.
16. Will the entire village open upon renovation?  
DFW: That is the desire, but we will not know until the programming and Concessions Plan are completed.
17. Will a “village” be all included in one RFP package, like a master lease, or will the spaces be individual packages?  
DFW: The RFP and packages will not be developed until we understand the total square footage and locations that will be available.
18. Will the spaces be setup to be dedicated to retail or Food & Beverage, or will flexibility to change the locations over time, based on consumer preferences, without major infrastructure changes/additions, be designed in from the beginning?  
DFW: Space utilization has not yet been determined.