WHEREAS, the City owns and operates a municipal airport, Dallas Love Field; and,

WHEREAS, the Love Field Modernization Program (LFMP) is currently underway and will result in a new terminal building and a twenty gate concourse, scheduled to be completed by October 2014; and,

WHEREAS, upon completion of the LFMP, a larger concession program that improves customer service will be offered; and,

WHEREAS, the City requested proposals from qualified concessions operators in accordance with the direction provided by the City Council at its August 18, 2010 briefing; and,

WHEREAS, the contracts before the City Council for consideration today are intended to improve the concessions services offered at Love Field;

NOW, THEREFORE,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF DALLAS:

Section 1. That upon approval as to form by the City Attorney, the City Manager is hereby authorized to enter into contracts with Host International, Inc. estimated annual revenue of $617,000, HG-Multiplex-Regali Dallas JV estimated annual revenue of $2,008,726 and Hudson Retail Dallas JV estimated annual revenue of $846,789 for the operation of retail concessions at Dallas Love Field Airport, for a total estimated annual revenue amount of $3,472,515. The term of each contract will be seven years with two one year renewal options.

Section 2. That the required concessions concepts, rents, length of contract terms, and minimum initial capital investments to be contained in each contract shall conform to the following:

CONTRACT 1
Concessionaire: Host International, Inc.
Primary Term: 7 years
First Year MAG: $617,000
Section 2. (Continued)

Percentage Rents: 12% of annual gross revenues on all specialty merchandise sales (Creative Kidstuff)
20% of annual gross revenues from all news location sales

Minimum Initial Capital Investment: $969,205

Estimated total revenue: $4,319,000

CONTRACT 2
Concessionaire: HG-Multiplex-Regali Dallas JV

Contract 2, Package A:
Concepts: Hudson News/Hudson Booksellers, Fair Park TX, Billy Bob’s Texas (Newsstand/Books, Museum Shop, Texas Music Venue)

Primary Term: 7 years

First Year MAG: $1,106,795

Percentage Rents: 18% of annual gross revenues on sales up to $5.0M for news/convenience merchandise
22% of annual gross revenues on sales over $5.0M for news/convenience merchandise
15% of annual gross revenues from the sale of specialty merchandise

Minimum Initial Capital Investment: $1,366,487

Estimated total revenue: $7,747,565

Contract 2, Package B
Concepts: West End News, Desigual, Bliss and Soybu (Newsstand, Lifestyle, Health & Beauty)

Primary Term: 7 years

First Year MAG: $819,687
Section 2. (Continued)

Percentage Rents: 18% of annual gross revenues on sales up to $3.5M for news/convenience merchandise
22% of annual gross revenues on sales over $3.5M for news/convenience merchandise
15% of annual gross revenues from the sale of specialty merchandise

Minimum Initial Capital Investment: $1,186,081
Estimated total revenue: $5,737,809

Contract 2, Package C
Concept: Fire CZ (Fashion Kiosk)

Primary Term: 7 years
First Year MAG: $82,244
Percentage Rents: 15% of annual gross revenues from all sales

Minimum Initial Capital Investment: $203,673
Estimated total revenue: $575,708

CONTRACT 3
Concessionaire: Hudson Retail Dallas, JV

Contract 3, Package A:
Concepts: CNN Newsstand Dallas, Mallasadi Men's Boutique (Newsstand, Men's Apparel/Accessories)

Primary Term: 7 years
First Year MAG: $342,100
Percentage Rents: 20% of annual gross revenues for news/convenience merchandise
11% of annual gross revenues for specialty merchandise
Section 2. (Continued)

Minimum Initial Capital Investment: $814,338

Estimated total revenue: $2,394,700

Contract 3, Package B
Concept: Tech on the Go (Electronics)

Primary Term: 7 years

First Year MAG: $158,162

Percentage Rents: 15% of annual gross revenues

Minimum Initial Capital Investment: $375,188

Estimated total revenue: $1,107,134

Contract 3, Package C
Concept: Spectacles (Fashion Kiosk)

Primary Term: 7 years

First Year MAG: $111,978

Percentage Rents: 15% of annual gross revenues

Minimum Initial Capital Investment: $205,680

Estimated total revenue: $783,846

Contract 3, Package D
Concept: Travel + Leisure Travel Store (Leather Goods)

Primary Term: 7 years

First Year MAG: $116,249

Percentage Rents: 15% of annual gross revenues
Section 2. (Continued)

Minimum Initial Capital Investment: $349,065

Estimated total revenue: $813,743

Contract 3, Package E
Concept: Cowboy Shop - Famous Texas Boots (Western Theme Apparel)

Primary Term: 7 years

First Year MAG: $118,300

Percentage Rents: 14% of annual gross revenues

Minimum Initial Capital Investment: $285,660

Estimated total revenue: $828,100

Section 3. That the City Controller is authorized to deposit all revenues received from the concessionaires as follows:

Fund: 0130, Dept: AVI, Unit: 7725, Rev. 7811

Section 4. That this resolution shall take effect immediately from and after its passage in accordance with the provisions of the Charter of the City of Dallas, and it is accordingly so resolved.