

Memorandum



DATE: May 25, 2007

TO: Members of the Finance, Audit & Accountability Committee: Mitchell Rasansky, Chair; Gary Griffith, Vice Chair; Bill Blaydes, Mayor Pro Tem Donald Hill, Linda Koop, Ron Natinsky, Ed Oakley, Steve Salazar

SUBJECT: **Aviation Fees and Charges Study – Vendor Recommendation**

The following information is provided in response to your questions from the May 14, 2007 Briefing, regarding the Rates and Charges Study.

1. What is the staff size of Unison-Maximus, Inc.?

Unison-Maximus, Inc. has 48 total employees. The project team which has a combined 150 years of experience is comprised of four key members with two of the four members each having 38 years of experience.

2. List of other airports of like size that Unison-Maximus has conducted Rates and Charges study.

Unison-Maximus, Inc. has conducted rates and charges studies for Lambert-St. Louis International, Kansas City International, Milwaukee General Mitchell International, San Antonio International, Houston Hobby, Metropolitan Knoxville Airport Authority, Sacramento and Nashville airports. They have also conducted financial analyses in support of capital programs for Chicago Midway. Unison-Maximus has conducted rates and charges studies for more international airports than the other four vendors.

3. How many PFC applications has Unison-Maximus processed? How many were successful?

Unison-Maximus has prepared more than 70 PFC applications (all successful) and application amendments for over a dozen airports providing more than \$2 billion in revenue to fund airport and airfield improvements. PFC projects handled by Unison-Maximus include: Chicago Midway, Chicago O'Hare International, Milwaukee General Mitchell International, Kalamazoo, Kansas City International, Lambert-St. Louis International, Little Rock National, Los Angeles International, Louis Armstrong New Orleans International, McGhee Tyson (Knoxville), Ontario (CA) International, San Antonio International, San Diego International, Valley International (Harlingen, TX) and William P. Hobby airports.

4. How does the Rates & Charges study fit in the Love Field modernization plan?

The Rates and Charges Study will develop recommended methodology for calculating the requirement for terminal rental and landing fee based on full cost recovery, to include both Operating and Maintenance (O&M) and capital costs. This methodology will give us the capability to project the fees based on projected costs and activity levels as variables. Conversely, it will enable us to calculate our capital capacity as a variable, based on a set O&M level, and target landing fee or terminal rent.

It is expected that the recommended methodology will be incorporated into a proposed lease amendment or new airport lease and operating agreement to be negotiated with the airlines. This will occur about the same time as planning costs become known from the planning and programming efforts currently underway for terminal improvements.

5. Furnish scoring spreadsheet and request for proposal specifications.

See attachments 1 and 2. The scores have been revised to reflect the application of weighted scores to all selection criteria. Although the recommended vendor did not change, Staff inadvertently had not applied appropriate weighting to the selection criteria on the scores previously submitted to the Committee. The scores submitted previously were raw scores with weighting applied to only 20% of the selection criteria. The relative ranking of the top two vendors remain the same.

6. What is the MWBE participation in the project?

Unison-Maximus is subcontracting 25% of the project to AVK Consulting. AVK Consulting is a certified MWBE (white female) and DBE.

Please let me know if you should need additional information.

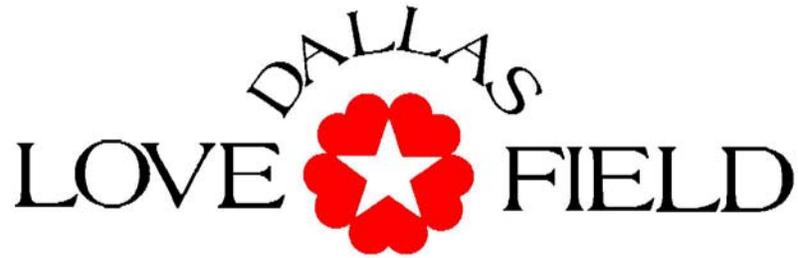
David Cook
Chief Financial Officer

c: Honorable Mayor & Members of the City Council
Mary K. Suhm, City Manager
Tom P. Perkins, City Attorney
A.C. Gonzalez, Assistant City Manager
Ramon F. Miguez, P.E. Assistant City Manager
Charles W. Daniels, Assistant City Manager
Mark Duebner, Director, Business Development and Procurement Services
Craig Kinton, City Auditor
Ryan S. Evans, First Assistant City Manager
Jill A. Jordan, P. E., Assistant City Manager
Dan Weber, Director, Aviation
Chandra Marshall-Henson, Assistant to the City Manager

ATTACHMENT 1

Rates & Charges Scoring

	Expertise	Cost	Capabilities	Approach	Workplan	Current Contracts	Litigation	Av. Score
	25%	20%	15%	15%	10%	10%	5%	100%
Unison-Maximus, Inc.	25.00	15.68	13.63	13.80	9.33	8.67	5.00	91.11
John F. Brown Co., Inc.	25.00	11.39	14.50	14.50	9.67	9.33	5.00	89.39
Ricondo & Associates, Inc.	22.08	20.00	12.50	11.65	8.67	7.67	5.00	87.57
Jacobs Consultancy, Inc.	24.58	11.68	12.87	12.50	9.67	9.33	5.00	85.63
ABS Aviation Consultancy, Inc.	13.75	18.16	8.37	6.75	7.67	7.67	5.00	67.37
*These revised scores represents weighted scoring applied to all selection criteria								



**THE CITY OF DALLAS
DEPARTMENT OF AVIATION
BEZ0708
Rev. #1
REQUESTS PROPOSALS
FOR
AIRPORT CONSULTANT SERVICES**

**RATES AND CHARGES ANALYSIS
FOR THE
DALLAS AIRPORT SYSTEM**

OVERVIEW

The Dallas Airport System is owned by the City of Dallas and managed by the Department of Aviation. The System includes Dallas Love Field (DAL), Dallas Executive Airport (RBD) and the Central Business District Heliport. Dallas Love Field, a medium-sized commercial hub airport, serves as the front door to Dallas for over six million passengers a year providing a vital link in the economy of the City of Dallas, the region and the nation. Dallas Executive Airport is a world class general aviation facility located in southwest Dallas with over 120,000 annual operations. The Heliport is located in the Central Business District on the south end of the Dallas Convention Center. The Department of Aviation's mission statement is "To provide a safe and efficient airport system by addressing customer concerns and continuously improving City services to commercial and general aviation users."

THE CITY OF DALLAS

For many years Dallas has been recognized as a national model for effective professional management of a large and complex city organization. Currently, the City operates under the Council-Manager form of government that includes 15-members and the Mayor. Council Members are elected from single-member districts for two-year terms and can serve up to four consecutive terms while the Mayor is elected at large for a four-year term with the limit of two consecutive terms.

The Council-Manager form of government combines citizen input through elected Council Members with the training and experience of a career City Manager who implements policies set by the Council and is responsible for the direction of the day-to-day affairs of the City. The City Manager oversees City operations with an executive team of five Assistant City Managers (ACMs), each of whom has oversight responsibility for various City departments. Departmental operations and services are under the day-to-day supervision of professionally trained Department Heads. The City of Dallas is a self-sufficient, full-service City with a \$2 billion annual budget which includes \$1.7 billion in operating funds and \$460 million in capital funds and an employee workforce of about 12,500 FTEs.

THE DALLAS AIRPORT SYSTEM

The Dallas Airport System includes Dallas Love Field (DAL), one of the finest general-purpose airports in the world. Located in the heart of Dallas at the intersection of Cedar Springs at Mockingbird, the airfield is 20 minutes from the Downtown Convention Center, West End, Infomart, and the Dallas Market Center. Dallas Love Field provides the best that can be offered in a convenient, efficient airport, serving both commercial airline and corporate user needs. Activities at the airport contribute more than \$2 billion annually to

the Dallas economy. Love Field is self-supported through reasonable user fees and charges, with no cost to the Dallas taxpayer.

Love Field sits on 1,300 acres of land and is fully equipped with all of the necessary aeronautical lighting, airport markings and air navigation radio aids to ensure its accessibility to aircraft even under highly adverse weather conditions. Its long parallel runways are enhanced with state of the art visual approach lighting aids and four instrument landing systems. Love Field also has a crosswind runway. Other features include surveillance radar services, a windshear warning system and an FAA air traffic control tower that provides services 24 hours a day.

There are seven full service fixed base operators (FBOs) at Love Field which provide general aviation users with a wide variety of services including meeting rooms, car rentals, limousine service, restaurants, fuel, maintenance, hangar rentals and charters. The airport is also headquarters for Southwest Airlines. Other airlines currently providing service include: Continental Express and American Airlines/American Eagle. Commercial operators at Love Field serve over six million passengers a year.

In addition to Dallas Love Field (DAL), the Department of Aviation also manages Dallas Executive Airport (RBD) and the Central Business District Heliport. Dallas Executive Airport provides for the operation and maintenance of a premier general aviation airport in southwest Dallas, and the leasing of City-owned property for aviation commercial and/or industrial purposes. The public-use, elevated Heliport / Vertiport is located in the Central Business District on the south end of the Dallas Convention Center. The facility has a dual deck and can accommodate three helicopters plus two vertical-take-off and landing aircraft at the same time.

OBJECTIVE

The Department of Aviation desires to review all options in order to satisfy its annual obligations, including bond covenants and infrastructure maintenance and improvements solely from its annual operating revenues without recourse to its reserves in a manner that is equitable across all airport users and is based on its financial position and obligations.

Additionally, it wants to formalize policies and procedures related to rates and charges for future rate adjustments as well as funding for reserves and contingencies to ensure that it operates in a financially sound manner, now and in the future.

The study will examine existing rates and charges and their allocations, compare DAL and RBD to airports similar in size and functionality, incorporate multiple stakeholders' input and make recommendations to Airport Management for improvements.

This needs assessment and associated conceptualizations will require the capabilities of an experienced consulting firm with multi-disciplined resources and expertise working with airports similar operationally to those operated by the Dallas Airport System.

EXPERIENCE AND ELIGIBILITY REQUIREMENTS

- 1). Significant recent experience with airport rates and charges studies and analyses.
- 2). Extensive familiarity with medium hub airport financing methodologies.
- 3). Substantial expertise in airport revenue stream analysis, airport revenue stream composition, and cost allocation.
- 4). Prior work, perception of conflict of interest; consultant shall be free of obligation to any related stakeholders, including air carriers or other airports in the DFW region.

SCOPE OF SERVICES/DESCRIPTION OF CONSULTANT RESPONSIBILITIES

The Department of Aviation has determined that an analysis of the airport rates and charges is necessary in order to maximize revenues for the Dallas Airport System and bring its rate structure more in line with its expenses as well as the rates and charges of comparable airports. This Scope of Services is divided into two phases and defines the tasks necessary to review and analyze the current airport rates and charges.

The Consultant will deliver ten (10) copies of their Proposal Submission. The Consultant will be responsible for detailing the actual scope of services they intend to provide and will describe what services, resources, and products will be provided as well as the time frame for completion of the study deliverables. The Selected Consultant is to provide the Department of Aviation with a list of information and resources required to complete the study.

PHASE 1

Task 1 – Determine the cost of service for the Dallas Airport System, develop a schedule of current fees and charges, and establish a financial model for covering fiscal obligations in a manner that is equitable across all airport users and is based on its financial position.

* Deliverable - Consultant will provide a detailed cost of service analysis along with a financial model and recommendations for effective ways to cover financial obligations for all direct and indirect costs.

Task 2 - Comprehensive review of all current contractual agreements at Love Field and Dallas Executive (Concessions, Long-Term leases, Month-to-Month leases).

Consultant will establish a “baseline” by reviewing cost of overall services delivered and the current contractual agreements within the following areas:

- 1). Rates and Charges**
 - a). Airfield
 - b). Terminal
- 2). Concession Agreements**
 - a). Rental Car
 - b). Terminal Concessions
- 3). Ground and Building Leases**
- 4). Ground Transportation**
 - a). Taxi Cab
 - b). Shuttle
 - c). Courtesy Vehicles
 - d). Limousine
- 5). Parking**
 - a). Airport Owned Parking Garage
 - b). Off-Airport Parking

This task will also include a review of current operations and maintenance expenses as well as the current airport capital projects planned for the next ten (10) years. Current fees and charges are to be identified and documented. This should determine what fees are levied to whom and on what criteria the current fee is based.

* Deliverable – Consultant will develop and produce a written report and presentation describing the process and results of the review. Consultant will provide recommendations for contract renewals as well as develop and produce a written report which describes the process and results of the review.

Task 3 – Survey of Comparable Airports; consultant will survey airports considered as “comparable” to DAL and develop data based upon the rates and charges currently in place at these airports. Survey of comparable airports and benchmarking to include airports that serve the same customers or which are similar operationally and/or financially. Consultant will develop a matrix for comparative basis showing the various airports and the rates and charges as well as outstanding debt by airport.

It is anticipated that approximately ten (10) airports will be included within this survey. The airports to be included within this survey will be identified, selected, and agreed upon by DAL management and consultant during the scheduled kick-off meeting.

* Deliverable – Consultant will develop and produce a matrix or table showing the airports surveyed and the current rates and charges in place at each airport as well as outstanding debt. Consultant will develop a side by side comparison of each airport fee. The analysis will cover total revenues, total expenses, debt service and what percentage each fee represents as a percentage of total revenues, expenditures and indebtedness.

Task 4 - Review of reserve funding policies/strategies at other airports; consultant will survey comparable airports in order to develop formalized reserve/contingency policies for DAL. The Department of Aviation currently has an informal policy of keeping a minimum of 30 days operating expenses in its Operating Fund which is consistent with the City Council's Financial Management Performance Criteria (current balances are close to 150 days of operating expenses) in addition to a \$5M Capital emergency/contingency reserve fund. However, DAL would like an objective opinion regarding which aviation industry standards for contingency reserves would best serve the airport as well as the development of formalized procedures.

* Deliverable – Consultant will provide DAL with written policies and procedures customized to the Airport System. Provide recommendations to existing fee structures and define reserve policies for inclusion in the FY07/08 operating budget process.

PHASE 2

Task 5 - Begin coordination with the Master Plan Consultant for the Love Field Modernization Program which will prioritize facility enhancements to address the phase-out of the Wright Amendment by 2014. Consultant will develop and prepare a detailed report and presentation including analysis for possible adjustment of the current rates and charges at DAL designed to maximize revenues at the airport. The report will describe both the current and recommended cost structures and methodologies to fully fund operations and maintenance of the airport. The detailed report shall identify new fees and projected revenue increases for possible implementation, include a plan to prioritize adjustments in non-aeronautical revenues in order to maximize airport revenues and provide appropriate funding levels for the airport prior to any increase in aeronautical rates and charges, and identify any and all factors that might affect a decision to implement fee structure revisions.

* Deliverables - Consultant to incorporate Master Plan improvements into the financial model, make recommendations on financing options and appropriate rate/fee structures to cover consolidated expenses, and prepare a final report detailing recommended Master Plan improvements and recommendations for funding them for review by DAL management and the City of Dallas including a presentation for briefing stakeholders and

Council members. Consultant will include a description of and plan to provide appropriate capital transfers to fund future capital projects. The report will culminate in a description of the appropriate funding levels by year for the next ten (10) years to fund both operations and maintenance of the airport and planned capital projects. Consultant will deliver the original and thirty (30) hard copies of the final report and presentation as well as electronic copies.

MEETINGS

It is anticipated that the following meetings will occur:

- 1). Kick-off meeting with DAL management
- 2). Individual Meetings with Dallas City Council Members
- 3). Property Management Division
- 4). Finance and Administration Division
- 5). Delivery of report and recommendations to DAL Management
- 6). Follow-up meetings with DAL Management
- 7). Presentation of results to City of Dallas Management
- 8). Final presentation of results to City Council at Briefing Meeting

SCHEDULE

Consultant's proposal will provide anticipated timeline to complete the review from notice to proceed until the draft report will be presented. A Gantt Chart for the proposed work would be ideal, complete with approximate dates of meetings, principal utilization and project subtasks or milestones demonstrating the time frame in which the consultant proposes to complete the work.

QUALIFICATIONS/EXPERIENCE & SUBMISSION REQUIREMENTS

Each firm's submission must be typewritten and submitted in ten (10) copies. The submission shall be transmitted with a cover letter signed by the submitting firm's authorized representative identifying its interest in serving as consultant for the project, identifying the general contents of the transmittal and identifying the name, address and telephone of the firm's contact person for the submission.

The proposal submission will cover the following:

- 1). General description of the consulting firm.
- 2). Discipline capabilities of the firm.
- 3). Recent airport rates and charges including the scope of services administered on the projects.
- 4). A list of the five most recent rates and charges studies and the following information

about each:

- a). Detailed description of the firm's role and services provided.
 - b). Dates services provided.
 - c). Name, address, telephone number of client and contact person's name.
- 5). If the firm proposes to utilize a sub-consultant for any major elements of the engagement, that firm must be identified and the information requested by sections "3" and "4" above must be provided for the sub-consultant.
- 6). The firm shall provide a proposed schedule for the engagement including key dates for completion of major elements of work and a schedule of proposed meetings with City staff and stakeholders.
- 7). Each submitting firm must identify its Project Manager for the engagement and include a brief description of his or her experience and capabilities. The firm will identify the current workload of the Project Manager and key staff for the time period outlined above.
- 8). Submission of resumes of Project Manager and key staff to be assigned to the engagement.

The City of Dallas reserves the right to reject any or all proposals, to waive technicalities or irregularities, and to accept any proposal it deems to be in the best interest of the City. The City of Dallas is not obligated to accept the most sophisticated proposal. The City of Dallas shall not be liable for any costs incurred by any firm in responding to this RFP.

SELECTION CRITERIA

The successful proposer shall be selected by a committee on the basis of demonstrated competence and qualifications under the following criteria:

- 1). The consultant's specific expertise in the following specific areas: (25%).
 - a). Significant recent experience with airport rates and charges studies and analyses.
 - b). Extensive familiarity with medium hub airport financing methodologies.
 - c). Substantial expertise in airport revenue stream analysis, airport revenue stream composition, and cost allocation.
 - d). Prior work, perception of conflict of interest; consultant shall be free of obligation to any related stakeholders including air carriers or other airports in the DFW region.
- 2). Cost to the City (20%)

- 3). The consultants capabilities, resources and responsiveness (15%):
 - a). Staffing size, current workload, availability – consultant to provide an outline of resources they anticipate to deploy on the project by job title, bill rate and expected hours of utilization.
 - b). Staff's areas of expertise.
 - c). Experience with similar projects.
 - d). History of meeting deadlines.
 - e). History of keeping within budget.
 - f). Expertise of project manager and project team.
 - g). Past performance on City and other contracts.
 - h). Current financial capability and business practices.
- 4). Consultant's approach to the project (15%):
 - a). Approach proposed adequately answers questions.
 - b). Proper attention given to critical issues.
 - c). Appropriateness of resources being committed to the project.
 - d). Familiarity with circumstances surrounding the project.
- 5). Consultant's work plan and proposed timeline (10%)
- 6). Consultant's current contracts (10%):
 - a). Current City contracts in effect and impact on capacity to complete City of Dallas project.
- 7). Prior and current litigation, including litigation with the City. Please provide an overview of all litigation the consultant has been involved with in the last five years and current status of the litigation (5%).

After the selection committee has selected the most highly qualified proposer, the City will attempt to negotiate a contract at a fair and reasonable price. If a satisfactory contract cannot be negotiated with the most highly qualified proposer the City will formally end negotiations with that provider and select the next most highly qualified provider. The City will continue this process until a contract is signed.

AVAILABLE RESOURCES

Most of the data and information required for this project will be provided by Department of Aviation staff. The consultant should utilize industry standards and measurements, as well as, prevailing economic trends, information and guidelines in the gathering, analysis and final determination which support the results of the consultant's study.

CITY'S RESPONSIBILITY

1. For services performed, the City shall pay the successful bidder an amount not to exceed the negotiated amount.

2. Payment Schedule. The consultant will be paid a progress payment of up to 30% five weeks after contract approval. The percentage will be decided by the City and will be based on documented progress provided by the contractor. The remaining balance will be paid when the final document is presented, except for 10% that will be withheld for 45 days until the report has been fully studied and any issues or discrepancies resolved.

3. If necessary, the Department of Aviation will provide temporary office space, copy services, and telephone for internal city calls only.

4. The City will provide liaison service with all stakeholder's, including scheduling appointments, introductions, and limited assistance in gathering data.

CONFIDENTIALITY AGREEMENT

Successful proposer will keep all Department of Aviation data confidential.

EXPENSES

The City of Dallas shall not be liable for any costs incurred by any firm in responding to this RFP. All expenses (including travel, hotels and meals) are to be included in cost proposals.

ATTACHMENTS:

- 1). Existing Rates and Charges
- 2). Cash Balances
- 3). Currently Planned Capital Projects
- 4). Historical Operating Fund Expenditures and Revenues