

# Memorandum



CITY OF DALLAS

DATE June 13, 2008

TO Economic Development Committee:  
Ron Natinsky (Chair), Tennell Atkins (Vice Chair), Jerry R. Allen, Dwain R. Caraway, (Deputy Mayor Pro Tem), Sheffie Kadane, Linda Koop Mitchell Rasansky, Steve Salazar

SUBJECT MD Promenade, Inc. Proposed Lease/Operate Restaurant at Dallas Executive Airport

Attached are the briefing materials on the Department of Aviation MD Promenade, Inc. Proposed Lease/Operate Restaurant at Dallas Executive Airport to be presented to the Economic Development Committee on Monday, June 16, 2008 and Thursday, June 19, 2008.

Please let me know if you should need additional information.

A handwritten signature in black ink, appearing to read 'R. Miguez'.

Ramon F. Miguez, P.E.  
Assistant City Manager

## Attachment

c: The Honorable Mayor & Members of the City Council  
Mary K. Suhm, City Manager  
Deborah Watkins, City Secretary  
Tom Perkins, City Attorney  
Craig D. Kinton, City Auditor  
Judge Jay Robinson, Judiciary  
Ryan S. Evans, First Assistant City Manager  
A.C. Gonzalez, Assistant City Manager  
David O. Brown, Interim Assistant City Manager  
Jill A. Jordan, P. E., Assistant City Manager  
David K. Cook, Chief Financial Officer

**MD Promenade, Inc.**

**Proposed Lease/Operate  
Restaurant at  
Dallas Executive Airport**

**Briefing to the Council  
Economic Development Committee**



**Department of Aviation**

**June 16, 2008**



# Purpose

- ❖ Review MD Promenade, Inc. Proposal to Lease and Operate Restaurant at Dallas Executive Airport

# DALLAS EXECUTIVE AIRPORT TERMINAL BUILDING & RESTAURANT



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# Restaurant History

- ❖ Casa Blanca Restaurant
  - ❖ Operated since 1960
  - ❖ Averaged 100 customers per day
- ❖ 2003
  - ❖ City changed the airport's name from Dallas Redbird Airport to Dallas Executive Airport and funded a new terminal building, conference center, and air traffic control tower
  - ❖ Restaurant closed during construction
- ❖ 2005
  - ❖ Staff advertised a Request For Proposal (RFP) to lease, operate and finish-out the restaurant space upon completion of construction of the New Terminal Building (est. 2007).
  - ❖ City received no responses to the RFP
  - ❖ Local restaurateurs advised to much capital outlay for expected return
- ❖ 2006
  - ❖ Old terminal building demolished
- ❖ 2007
  - ❖ New terminal building completed

# Restaurant RFP Process



- ❖ Business Development and Procurement Services Dept. (BDPS)

- ❖ Notices (October 18, 2007)

- ❖ 175 vendor notices were sent electronically
    - ❖ 28 vendors were contacted
    - ❖ 25 chambers of commerce were notified by the BDPS ResourceLINK
    - ❖ Two advocacy groups were sent notices
      - ❖ DFW Minority Business Council
      - ❖ Women's Business Council – Southwest

- ❖ Proposers

	<u>NAME</u>	<u>SCORE</u>	<u>RECOMMENDED</u>
❖	MD Promenade, Inc.	89.662	Yes
❖	Kingdom Creation Foods, LLC	83.966	No
❖	Campanions' Foods	32.152	No

# Proposed Restaurant Lessee/Operator



## ❖ MD Promenade, Inc.

❖ Locally-owned Dallas based company formed in 2002

❖ Corporate Headquarters - 4425 N. Central Expressway, Dallas

❖ Parent company of Metro Grill

❖ Principals (brothers)

❖ Mark Kelcher

❖ Dirk Kelcher

❖ Previous restaurant experience as

owner/operator since 1994

❖ 1994 – Jack’s Pub and Grill – 5550 Yale Blvd. – Dallas

❖ 1997 - Gypsy Tea Room – 2548 Elm St. – Dallas

❖ 1998 - Green Room – 2715 Elm St. – Dallas

❖ 1998 - Inferno Room – 5612 Sears St. – Dallas

❖ 2002 - Top Rail – 2110 W. Northwest Hwy. – Dallas

❖ 2004 - Jaden’s Restaurant – 4425 N. Central – Dallas

❖ 2005 - Metro Grill – 4425 N. Central – Dallas

Time Operated

12 yrs. Sold in 2006

10 yrs. Sold in 2007

8 yrs. Sold in 2006

3 yrs. Sold in 2001

3 yrs. Sold in 2005

1 yrs. Sold in 2005

Currently Operate

# Proposed Lease

- ❖ Term
  - ❖ Five (5) year term , plus one five (5) year option to extend term
    - ❖ Option, if requested by Lessee, may be exercised at City's discretion
  
- ❖ Terminal Building Restaurant Space
  - ❖ Cost of finishing out of restaurant is included in terminal project budget (\$500,000) – pending selection of operator
    - ❖ Design – Approximately 3 months (Lessee participation)
    - ❖ Construction – Approximately 9 months



# Proposed Lease

## ❖ Rent

- ❖ Minimum annual rental of \$2,400 paid at the monthly rate of \$200, plus the following percentages of gross revenue

❖ 1 <sup>st</sup> year	12%
❖ 2 <sup>nd</sup> year	13%
❖ 3 <sup>rd</sup> year	14%
❖ 4 <sup>th</sup> year	15%
❖ 5 <sup>th</sup> year	15%

- ❖ MD Promenade, Inc. estimates the first year gross annual sales at \$700K

## ❖ Lease Term and Payment of Rent

- ❖ Shall commence upon completion of construction and installation of the new restaurant equipment (estimated summer 2009)

# Recommendation

- ❖ Staff recommends approval of the MD Promenade, Inc. lease agreement to operate the restaurant at Dallas Executive Airport.
  - ❖ Enhances the ability of the airport tenants, transient pilots, and waiting passengers to have food service available,
  - ❖ Enhances the value of Executive Airport to the local community,
  - ❖ Provides a valuable catering service for corporate jets and Executive Airport Conference Center
  - ❖ Enhances economic development opportunities at the airport.
  
- ❖ NEXT STEPS
  - ❖ June 25, 2008 - Seek Council's approval

# QUESTIONS AND ANSWERS



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