

Memorandum



CITY OF DALLAS

DATE October 8, 2010

TO Members of the Transportation and Environment Committee:
Linda L. Koop (Chair), Sheffie Kadane, (Vice Chair), Jerry Allen, Tennell Atkins,
Carolyn R. Davis, Angela Hunt, Delia Jasso, Pauling Medrano, Ron Natinsky,
Vonciel Jones Hill

SUBJECT Addendum Item #1 on the October 13, 2010 City Council Agenda – Love Field Food and Beverage Concession Contract

The purpose of this memorandum is to brief the Committee on an agenda item scheduled for consideration at the October 13th City Council Meeting. The item will appear on the Addendum Agenda.

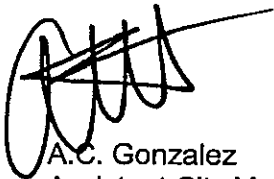
The agenda item authorizes an extension to the existing Love Field Food and Beverage Concession Contract with Dallas Love Field Joint Venture, Ltd, the existing concessionaire. The extension ensures that food and beverage locations within the Love Field terminal will remain operational during the construction of the new terminal.

During its August 18, 2010 briefing meeting, the City Council recommended that the City Manager negotiate an amendment to the existing food and beverage concession contract with Dallas Love Field Joint Venture, Ltd. which would allow for:

- (1) extension of a renewal term from June 30, 2011 until the closing date of the last one of the concessionaire's food and beverage locations in the existing Love Field terminal building;
- (2) closure of food and beverage locations to accommodate LFMP-related construction activities;
- (3) waiver of payment of the minimum annual guarantee upon execution of the amendment;
- (4) reduction of required percentage rent payments if certain reductions in enplaned passengers occur;
- (5) reimbursement for certain approved unamortized capital costs incurred by concessionaire for the extended renewal term; and
- (6) a right of first refusal for concessionaire to acquire the right to operate up to 27% of the value of the food and beverage concessions in the new Love Field terminal building.

The agenda item under consideration would authorize a lease amendment that includes the terms referenced in the paragraph above. With the exception of the above mentioned changes, the terms of the existing contract will remain in effect. It is estimated that \$4,057,192 in revenue will be provided to the City during the renewal term.

Staff is available to answer any questions regarding this agenda item.



A.C. Gonzalez
Assistant City Manager

- c: The Honorable Mayor and Members of the City Council
Mary K. Suhm, City Manager
Thomas P. Perkins, Jr. City Attorney
Deborah Watkins, City Secretary
Craig Kinton, City Auditor
Judge C. Victor Lander, Administrative Judge
Ryan S. Evans, First Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
Forest Turner, Assistant City Manager
Jeanne Chipperfield, Chief Financial Officer
Edward Scott, Director, Controller's Office
Frank Libro, Public Information Office
Rick Galceran, P.E., Director, Public Works and Transportation
Theresa O'Donnell, Director, Sustainable Development and Construction
Helena Stevens-Thompson, Assistant to the City Manager – Council Office

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SUBJECT Addendum Item #2 on the October 13, 2010 City Council Agenda - Love Field Retail
Concession Contract

The purpose of this memorandum is to brief the Committee on an agenda item scheduled for consideration at the October 13th City Council Meeting. The item will appear on the Addendum Agenda.

The agenda item authorizes an extension to the existing Love Field Retail Merchandise Concession Contract with Hudson Retail Dallas, J.V., the existing concessionaire. The extension ensures that retail locations within the Love Field terminal will remain operational during the construction of the new terminal.

During its August 18, 2010 briefing meeting, the City Council recommended that the City Manager negotiate an amendment to the existing retail concession contract with Hudson Retail Dallas, J.V. which would allow for:

- (1) extension of a renewal term from June 30, 2011 until the closing date of the last one of concessionaire's retail locations in the existing Love Field terminal building;
- (2) closure of retail locations to accommodate LFMP-related construction activities;
- (3) waiver of payment of the minimum annual guarantee upon execution of the amendment;
- (4) reduction of required percentage rent payments if certain reductions in enplaned passengers occur;
- (5) reimbursement for certain approved unamortized capital costs incurred by concessionaire for the extended renewal term; and
- (6) a right of first refusal for concessionaire to acquire the right to operate up to 27% of the value of the retail concessions in the new Love Field terminal building.

The agenda item under consideration would authorize a lease amendment to Hudson's existing contract to include the terms referenced above.

It is estimated that \$1,938,799 in revenue will be provided to the City during the renewal term.

Staff is available to answer any questions regarding this agenda item.



A. C. Gonzalez
Assistant City Manager

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Rick Galceran, P.E., Director, Public Works and Transportation
Theresa O'Donnell, Director, Sustainable Development and Construction
Helena Stevens-Thompson, Assistant to the City Manager – Council Office