



**REPORT TO THE  
BUSINESS ADMINISTRATION COMMITTEE  
PRE-SOLICITATION TERMS FOR A  
DUTY FREE CONCESSION OPERATOR FOR  
WASHINGTON DULLES INTERNATIONAL  
AIRPORT AND  
RONALD REAGAN WASHINGTON NATIONAL  
AIRPORT**

**MARCH 2014**



## **PURPOSE**

Committee concurrence with the recommended pre-solicitation terms for an exclusive Duty Free Concessions Operator at Washington Dulles International Airport and Ronald Reagan Washington National Airport.



## BACKGROUND

- The successful proponent will design, construct and operate stores that sell:
  - bonded perfumes, cosmetics, cigarettes, spirits and luxury goods to international passengers, and
  - non-bonded merchandise to domestic passengers.
- The existing agreement with Duty Free Americas expires on July 31, 2014.
- The procurement method recommended is a two-step Invitation for Bid (“IFB”).

## **BASIC CONTRACT TERMS**

- Contract Term: Seven years
- Financial Terms: Minimum Annual Guarantee at a floor of \$3.95 million annually (annually adjusted based on number of international passengers)
- Percentage Rent: 22 percent of sales
- ACDBE Goal: 25 percent
- Minimum Initial Investment: \$450/SF
- Mid-Term Investment: \$112.50/SF

## PROCUREMENT PROCESS: TWO STEP IFB

- **Step One:** Evaluation of technical proposals that demonstrate levels of experience, commitment to occupancy economics, financial performance and investment. Due diligence on ACDBE history, financial background, and other airport operations.
- **Step Two:** Companies/Joint Venture(s) that successfully meet the standards in Step One are invited to submit a bid with their best financial offer.



## **STEP ONE: EVALUATION CRITERIA AND BENCHMARKS**

- Merchandise plan, pricing, operational performance, staffing and personnel plan
- Qualifications and experience of Offerors and, if applicable, their joint venture partners
- Demonstrated ability to meet the basic terms: rent, ACDBE participation, minimum capital investment, and construction schedule
- Financial and operating capability



## **STEP TWO: EVALUATION CRITERIA AND BENCHMARKS**

- Only those bidders who successfully meet the criteria of Step One will be considered for Step Two.
- Award will be made to the most responsive, responsible bidder offering the highest financial offer.



# DUTY FREE CONTRACT IFB SCHEDULE

Pre-solicitation Terms Approval	March 2014
IFB Issued	April 2014
(Step 1) Technical Proposals Due	May 2014
(Step 2) Bid Opening	June 2014
Committee and Board Approval	June 2014





## **RECOMMENDATION**

Committee concurrence with the pre- solicitation terms for an exclusive Duty Free Concessions Operator for Washington Dulles International Airport and Ronald Reagan Washington National Airport.



Ronald Reagan Washington National Airport



Dulles Corridor Metrorail Project



Dulles Toll Road



Washington Dulles International Airport



METROPOLITAN WASHINGTON  
AIRPORTS AUTHORITY