



**BUSINESS ADMINISTRATION
COMMITTEE**

**CONCESSIONS REDEVELOPMENT
PROGRAM**

September 2013 Update



GOALS

- **Innovation** New, creative, customer-focused offerings
- **Competition** Open process, industry outreach, public discussion of opportunities
- **Revenue** Enhanced per passenger spending
- **Inclusion** Opportunities for large, medium and small participants; local, regional and national participants; and Airport Concession Disadvantaged Business Enterprises (ACDBEs)
- **Speed** Rapidly phased re-development while maintaining acceptable level of service



REDEVELOPMENT PROCESS

- Extend Existing Leases on Temporary Basis
- Develop Retail Plans for DCA and IAD
- Develop Phasing Plans
- Develop Packages
- Conduct Outreach
- Finalize Packages
- Invite and Receive Proposals
- Evaluate and Select Operator
- Negotiate Lease
- Approve Temporary Operations Plan
- Review and Approve Design
- Construct and Open



EXISTING LEASE EXTENSION RESULTS

- There are currently 156 active Food, Retail and News/Gift Leases of which 143 will be a part of the 3-year Redevelopment Program
- The remainder will be redeveloped as their leases expire
- Of the 143 leases, 112 will expire by December 2013
- 105 of the 112 leases were extended until December 2014 with an option to terminate earlier
 - Provides for an orderly transition
 - Provides for an opportunity for MWAA to share in the additional profits being realized due to the full amortization of existing improvements
- Remaining 7 leases are on a month-to-month basis
- Revenue impact – Minimum Annual Guarantee (MAG) increase of \$1.6 million/year



PHASING PLAN

DCA

DCA - Reagan National Airport

Phase	Completion	# of Projects
1	April 2014	34
2	Dec. 2014	19
3	June 2015	8
4	Dec. 2015	5
5	April 2016	2



PHASING PLAN

IAD

IAD – Dulles International Airport

Phase	Completion	# of Projects
1	April 2014	26
2	Dec. 2014	25
3	May 2015	16
4	April 2016	8



PHASE I PACKAGES

- Catalyst Projects:
 - DCA - 2 Restaurant / Bar Locations (National Hall)
 - IAD - 2 Restaurant / Bar Locations (Terminal, Concourse B)
- DCA Packages:
 - Newsstand #1 -Includes 3 News; 2 Retail
 - Newsstand #2 -Includes 4 News; 2 Retail
- IAD Packages:
 - Newsstand #1 -Includes 5 News; 1 Retail
- Individual Opportunities: -13 Food & Beverage; 5 Retail
(IAD & DCA)



OUTREACH EVENTS

- **Publications:** Associated Press, Baltimore Business Journal, Loudoun Times, Shopping Center Business, Wall Street Journal, Washington Business Journal, Washington Post
- **Associations:** DC Chamber of Commerce, MD Department of Transportation, VA Department of Minority Business Enterprise
- **Conferences:** MWAA Business Opportunity Seminar, Airport Revenue News, AAAE, ACI-NA, AMAC
- **Local Mall Visits:** Bowie Town Center, Fashion Center at Pentagon City; Tyson's Corner Center; Westfield Montgomery
- **Public Meeting:** Held on May 16, 2013, Attended by over 300 individuals at Renaissance Hotel, Arlington, VA



INVITATIONS TO PROPOSE AND **EVALUATIONS**

- In total for Phase I, over 200 proposals were submitted for 21 opportunities (including 3 News packages and 18 individual opportunities)
- Some opportunities drew as many as 10 responses
- MarketPlace evaluated the responses and recommended proponents to the senior Concessions Team
- With MWAA's concurrence, MarketPlace negotiated the Leases



DESIGN & CONSTRUCTION

- Once leases are signed, Concessionaires may submit designs for review and approval
- The Concessions Implementation Team has been established to review, approve and oversee: the Architectural designs; the Temporary Service Plans; and the construction of the concepts
- The team includes representatives from Concessions, Engineering, Operations and MarketPlace
- The team meets bi-weekly (soon to be weekly)



OPENING

- Typical Design and Construction Timetables:
 - Bar/Restaurant 4 months
 - Quick Serve Dining 3 months
 - News/Retail 2.5 months
- Phase I will be completed by April 2014



PHASE I SOLICITATION **RESULTS**

SELECTED CONCEPTS

LEGAL SEA FOODS



BEN'S CHILI BOWL



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REAL

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PHASE I SOLICITATION RESULTS REVENUE

- Current Aggregate

Minimum Annual Guarantee	\$4.4M/yr.
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- Awarded Aggregate

Minimum Annual Guarantee	\$9.7M/yr.
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- Net Increase of Aggregate Minimum Annual Guarantee of 123%

	\$5.3M/yr.
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PHASE I SOLICITATION RESULTS **DISADVANTAGED BUSINESS** **ENTERPRISE PARTICIPATION (“DBE”)**

- Current Performance of Phase 1 Locations 25%
- Awarded Performance of Phase 1 Locations 38%



SCHEDULE

- Next Steps
- Phase II Outreach
- October 1, 2013, 10:00 A.M.
Renaissance Arlington Crystal City
- 2800 South Potomac Avenue