



METROPOLITAN WASHINGTON AIRPORTS AUTHORITY

Retail Concession Fee Manager



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- *Objectives to Determine if:*
 - The reported gross receipts were reasonable and fairly stated;
 - The contractor paid the correct amount of concession fees by the due dates;
 - The joint marketing fund was effectively managed and used appropriately;
 - The Disadvantaged Business Enterprise (DBE) participation requirements were met; and
 - The insurance coverage and performance guarantee requirements were met.



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- *Background:*

- Services included leasing, marketing, developing, and negotiating all retail subleases;
- Coordinating design and construction of subtenant spaces;
- Collecting lease payments from the subtenants;
- Remitting the concession fees to the Airports Authority; and
- Establishing and managing a joint marketing fund for food and retail concessions at Dulles Airport.
- Contract term was for 15 years from July 1, 1995 – June 30, 2010. Term was extended through December 31, 2012.



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- **Areas of Compliance**
 - Total retail sales were stated fairly;
 - Rent collected was mathematically correct and paid on time;
 - DBE participation goal was met. Actual participation rate was 49.3 percent for 2011 compared to the goal of 15 percent; and
 - Performance guarantee requirement was met.
- **Areas of Noncompliance**
 - Some unallowable and unsupported expenses were charged to the joint marketing fund;
 - Insurance coverage requirement was not met by 1 out of 10 tenants tested; and
 - Concessionaire and tenants did not submit their “monthly certified statements” with responsible representatives’ certification of the submitted information.



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- *Recommendations/Management Responses:*
 - Require accounting for marketing fund activity on a monthly or quarterly basis rather than on an annual basis. *Management agrees and will conduct quarterly reviews.*
 - Enhance or change current requirement to spend 95 percent of the fund during the contract term to encourage more careful planning and implementation of the concession marketing and promotions activity. *Management agrees and will execute an amendment to the new contract to encourage better use of the marketing fund.*
 - Require the contractor to perform periodic reviews of key contract requirements including proper submittal of monthly certified statements and insurance coverage using a checklist of key contract requirements and periodically inspecting the contractor's compliance reviews. *Management agrees and will implement quarterly reviews for each airport under the new contract.*