



Report to the Business Administration Committee

Revision of Pre-Solicitation Terms for a Food, Fueling and Convenience Plaza at Washington Dulles International Airport

December 2012



Purpose

- The Business Administration Committee, at its September 2012 meeting, approved the issuance of a solicitation for a food, fueling and convenience plaza on Rudder Road at Washington Dulles International Airport for a fifteen-year term.
- Subsequently, staff met with the industry. Participants noted that due to the magnitude of the investment to construct the building, a twenty-year term would be closer to the industry standard.
- This revision would increase interest in the development opportunity, and would not have a negative effect on future development opportunities.



Action Requested

Business Administration Committee concurrence to revise the Request for Proposal terms to allow a revision to the lease term to twenty years with a five-year option and for minor modifications that may result from the subsequent pre-proposal meeting.

REPORT TO THE BUSINESS ADMINISTRATION COMMITTEE

**REVISION OF PRE-SOLICITATION TERMS FOR FUELING STATION /
CONVENIENCE STORE AND FOOD COURT AT
WASHINGTON DULLES INTERNATIONAL AIRPORT**

DECEMBER 2012

PURPOSE

Business Administration Committee concurrence to modify the previously approved solicitation terms for the Fueling Station/ Convenience Store and Food Court at Washington Dulles International Airport (Dulles International), based on new data acquired from the industry at the public pre-proposal meeting. The modification would change the term from fifteen years to twenty years and provide the Airports Authority with the option to extend the agreement for an additional five years.

BACKGROUND

In September 2012, the Business Administration Committee approved pre-solicitation terms that included a ground lease for one fifteen-year term. On October 2, 2012, staff published the full Request for Proposals. On October 15, 2012, staff conducted a pre-proposal conference and accepted questions in writing from potential offerors. During discussions there were several requests to revise the initial lease term from fifteen years to twenty years with an option to renew the lease for an additional term of five years after the initial term. The option, if exercised, would be at the sole discretion of the Airports Authority. The potential offerors stated that increasing the initial term would facilitate favorable financing to develop and construct the fueling station. Additionally, staff's internal research and survey of other airports operating fueling stations, as well as analysis by our real estate consultants Jones Lang LaSalle, determined that the standard lease term for this type of development was twenty to thirty years.

Staff believes that this is an important revenue development opportunity for the Airports Authority. Allowing a longer initial term would enhance the attractiveness of the project and would not negatively affect any future development plans for the site.

Given that another industry pre-proposal meeting will be necessary, staff requests the Committee's concurrence to entertain additional market input and consider minor modifications to the solicitation parameters without additional Committee approval so as to not further delay this solicitation.

ACTION REQUESTED

Authorize staff to revise the Request for Proposal terms to allow an initial lease term of twenty years with an option to renew for five years at the sole discretion of the Airports Authority.

Prepared By:
Office of Business Administration
Concessions and Property Development
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