

Dallas Morning News, The (TX)

May 28, 2010

Concessionaires praised as good partners for city

RUDOLPH BUSH

Concessionaires who have provided food and retail services at Love Field since 1996 have been good partners with the city and invested at their own risk in the airport, top city officials told a special Dallas City Council committee Thursday.

Assistant City Manager A.C. Gonzalez said the two firms that stand to win multimillion-dollar, no-bid contracts for more than half of all concession space in a renovated Love Field terminal put about \$3.3 million into the airport after the 9/11 attacks.

Those investments helped stabilize sales and boosted the airport in a time of national trauma, he said.

"We think there is an argument that in fact there was a negative impact that they helped partner with us to work through," he said.

Gonzalez's defense of the companies came during the second meeting of the council's Love Field concessions committee, which was set up to examine the no-bid deals that have come under scrutiny.

Food concessions at the airport are controlled by longtime Dallas restaurateur and political donor Gilbert **Aranza**. Retail sales are controlled by a consortium in which state Rep. Helen Giddings holds a 25 percent stake.

A 15 percent stake of that company is held by a blind trust that controls the assets of U.S. Rep. Eddie Bernice Johnson.

Under contracts crafted by city staff, those companies would be handed 27,700 square feet of concessions space in Love Field, which is scheduled to open an expanded terminal in 2014. About 24,000 square feet of space would be put out for bid.

The deals have been defended for several reasons, including past good performance by the concessionaires, hardships they suffered after Sept. 11 and the difficulty of remaining at the airport during the nearly 4-year construction period.

Mayor Tom Leppert has opposed the deals, saying the reasons for granting them don't hold water. He said they wither competition and put City Hall's integrity in question.

The mayor and other council members have urged that all of the concession space at the airport be put out for bid. But at least seven council members have defended the deals.

Leppert sharply questioned Gonzalez and others Thursday about several elements of the deals.

In the months after the Sept. 11 attacks, the concessionaires' revenue fell just 7 percent, he noted.

Gonzalez responded that there were other costs that cut into profits, including the capital investments that he said helped bring sales back in the years after the attacks.

Leppert scoffed at the idea investments in new space were responsible for rebounding sales in the years after Sept. 11.

Instead, he said it was based on two factors: the increased waiting times people experienced at other airports because of enhanced security, and the change in the Wright amendment that brought a stream of new

passengers into Love.

Gonzalez agreed those were factors and noted the staff cited them in briefing materials.

In an earlier meeting, Leppert took issue with the concessionaires' performance, saying they ranked poorly in a 2010 JD Power survey.

City aviation director Dan Weber said Thursday that in surveys released in 2007-09, the airport's concessionaires earned good to very good ratings.

Gonzalez said that recently Love Field's relative lack of concession space has affected customer satisfaction.

"We really don't have a good explanation [for recent poor scores] other than all the impacts of not having enough space has taken its toll," he said.

The committee spent a good deal of time discussing pricing of concessions at the airport and a plan to allow concessionaires to charge mark-ups of 10 percent to 20 percent from street prices.

Weber explained that is common because of the higher cost of doing business in airports.

But Leppert questioned why the amount was so high when many other airports work to keep prices closer to street rates.

Meanwhile, several council members who support the no-bid deals questioned Leppert's motives and praised the staff.

"I do have some concerns about the misinformation put out to the public and anyone who attempts to undermine the work of this very fine staff," said council member Vonciel Jones Hill.

In the earlier meeting of the committee, Gonzalez said the staff originally recommended all the space be put out for bid before learning that many council members wanted to give all the space to the current concessionaires.

He said the staff tried to reach a compromise by splitting the space into bid and no-bid areas.

Copyright © Dallas Morning News. All Rights Reserved.