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In for the long haul

RUDOLPH BUSH

The sale of burgers and books at Dallas Love Field is a convenience for passengers, but it is big business for contractors who control the restaurants and newsstands at the airport.

On Wednesday, the Dallas City Council is poised to extend - without competitive bids and with little public debate - multimillion-dollar, 12-year contracts to companies tied to state Rep. Helen Giddings and to Gilbert **Aranza**, a longtime political donor to several sitting City Council members.

There is no suggestion that the new concessions contracts are illegal, and several council members who support them said politics played no role in their decision.

Even so, Mayor Tom Leppert says he's uncomfortable with the deal, which would benefit companies that have separately controlled the two major concession contracts at the airport since 1996.

Love Field's terminal is set to undergo a major expansion. And the contract being recommended by city staff would award more than half of the new concession and retail space scheduled to open in 2014 to Giddings' and **Aranza**'s companies.

Book and newsstand sales at Love belong to Hudson Retail-Dallas, a joint venture in which a company owned by Giddings, a DeSoto Democrat, has a 25 percent stake. According to public records, a 15 percent stake of Hudson Retail is owned by a trust that controls the assets of U.S. Rep. Eddie Bernice Johnson, D-Dallas.

Food and beverage sales, meanwhile, belong to **Aranza**'s Dallas Love Field Joint Venture. **Aranza** has donated more than $10,000 to the campaigns of sitting council members since 2004 and thousands more over the years to former council members and candidates.

Aranza said that he has given to Democratic and minority politicians since he came to Dallas in 1977 and that his donations have nothing to do with his work at Love Field.

"Black and brown were not represented in the city. When I came into this city, the only black and brown [workers] I saw were in janitorial or other menial positions, and I have made it my mission to change that," he said.

Several calls to Giddings and Johnson were not returned.

According to city officials, **Aranza**'s company is a 100 percent minority enterprise, and Giddings' and Johnson's pieces of Hudson Retail give that company a 40 percent minority stake.

Those were important factors in drafting the new contracts, city officials said.

Despite that, the no-bid contracts are highly unusual for City Hall.

Assistant City Manager A.C. Gonzalez said they are unusual because circumstances surrounding them are unusual.

"It was a very unique situation. ... It's a wholesale moving of the current terminal, and right in the middle of it was the completion of their contracts," he said.

Under the renovation plan, the new terminal will include 51,238 square feet of concession space.

Aranza's and Giddings' companies - which occupy all 27,000 square feet of concession space in the current terminal - are guaranteed about 27,700 square feet of space in the renovated terminal.

They also will be allowed to bid with outside competitors for the remaining 23,460 square feet of space, which will include 15,000 square feet for restaurants and 8,460 for retail.

The new contracts were written to reward the current concessionaires for sticking with the airport during the construction period and for "past contributions," a reference, in part, to the fact that they were in business after the Sept. 11, 2001, terrorist attacks.

Several council members who back the new deals specifically cited 9/11 - and the ensuing downturn in airline business - as a reason for their support.

"We don't have anything to compare to 9/11. 9/11 made these particular contracts very different from any we have ever seen," council member Vonciel Jones Hill said.

Council member Carolyn Davis said, "Those concessionaires stayed out there through the rough times, and we have to give them enough time so they can start recouping some of their losses back."

But Leppert wondered why terror attacks nearly nine years ago would be a factor in a city contract today.

"9/11 was a long time ago, and a lot of businesses were impacted by 9/11," he said. "I don't know how you ever go back and try to make do on something like that."

Council member Ann Margolin said she, too, is troubled that the city would reward a contractor for something in the past.

"It is clear to me this has to be opened back up for all bidders," she said. "I do not see how we give this much preference. When a lease is over, any landlord has a right to demand a new lease."

Aranza said his company suffered deep losses after the Sept. 11 attacks.

But it appears things have turned up since then. Though most of the two companies' financial records are private, gross receipts are reported to the city, and they show millions of dollars in sales.

According to city records, annual sales for **Aranza**'s company ranged from $8.7 million to $15.3 million from 2005 to 2009. Annual sales for Hudson Retail ranged from $4.6 million to $6.8 million during the same period.

The new contracts' 12-year term won't begin until construction is complete, currently scheduled for 2014. The companies will operate under an interim contract during the renovation.

Leppert said that operating through construction should be considered as a cost of doing business.

"We go do construction on a road, that probably impacts businesses negatively. We certainly can't be in a position where we go back and say let's figure out how much do we compensate that," he said.

Leppert said he is concerned about the perception that politics is playing into the deal.

"I am always concerned with the perception. We have responsibilities to ensure people have confidence in what we are doing," he said.

Even as Leppert expressed concern about the deal, some council members appeared to be willing to make it sweeter.

During a City Council committee briefing in April 2009, Davis questioned then-Assistant City Manager Ramon

Miguez about why outside competitors would ever get a choice of space in the renovated terminal over current concessionaires.

"If [current concessionaires] have been with us from day one, I think we at least need to give them the first break. ... To try to keep a space for another competitor to get a better space, I don't think that process is fair," she said.

Council member Pauline Medrano said at the meeting that she had concerns about the staff's plan to ultimately bring more concessionaires to the airport.

It would be "easier to negotiate with one concessionaire than multiple concessionaires," she said.

During that meeting, Giddings said she didn't believe the proposed deal was fair to her company.

"What we're trying to do is find a kind of balance in terms of these properties that will give us the opportunity to maximize our opportunity to make a profit," she said.

Medrano said last week that the deals proposed by staff are fair to concessionaires, the city and passengers.

Medrano, Hill and Davis, as well as council member Dwaine Caraway, all have indicated support for the current concessionaires. They also are involved in local Democratic politics and have received donations from **Aranza**.

They all stressed, however, that politics had nothing to do with their support.

And council member Ron Natinsky, who has not received donations from **Aranza** and is not involved in Democratic politics, said he supports the new contracts.

He said council members are aware of Giddings' and **Aranza**'s involvement in local politics.

"At the same time, when I go out to Love Field and I go into their facilities, they are well-managed, people are polite and I don't have any concerns they are not doing operationally what they should be doing," he said.

But even as the concessionaires are set to be rewarded for past contributions and hardships, when their contract comes up for renewal in 2026, Gonzalez said he doesn't foresee City Hall offering a no-bid renewal again.

"When we get past this situation where we no longer in a state of uproar, then having a fully competitive bid would certainly be in order," he said.

KEY PLAYERS

Business at Love

Gilbert **Aranza** - A Harvard Law School graduate and longtime Dallas restaurateur, **Aranza** controls Star Concessions. Its subsidiary, Dallas Love Field Joint Ventures, controls food and beverage concessions at Love Field. For years, **Aranza** has donated to local politicians, usually favoring Democratic and minority candidates.

Helen Giddings - A DeSoto Democrat, Giddings is an eight-term state representative. Her company Multiplex holds a 25 percent stake in Hudson Retail-Dallas, a joint venture that controls book, newsstand and other retail sales at Love Field.

Eddie Bernice Johnson - One of Dallas' most powerful politicians, Johnson, a Democrat, is in her ninth term in Congress. Public records show that 15 percent of Hudson Retail-Dallas is held by E.B.J. Associates, a blind trust that controls Johnson's assets.

By the numbers

Dallas Love Field Joint Venture (food, beverage)

Gross sales Revenue to city

2005 $8.7 million $1.3 million

2006 $10.9 million $1.7 million

2007 $13.9 million $2.1 million

2008 $15.3 million $2.3 million

2009 $14.5 million $2.2 million

Hudson Retail-Dallas (books, news, retail)

Gross sales Revenue to city

2005 $4.6 million $700,000

2006 $5.5 million $828,000

2007 $6.4 million $969,000

2008 $6.8 million $1.1 million

2009 $6.4 million $977,000

SOURCE: City of Dallas

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