



DEN CONCESSION POLICY

November 1, 2023



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I. DEN CONCESSION POLICY OVERVIEW

As a publicly owned facility, DEN has an obligation to build its concession program on a foundation of fairness and transparency.

This Policy supports DEN's overall vision and mission and provides a policy framework for managing and developing the concession program. In the event this policy differs from any executed agreement or request for proposals ("RFP"), the terms of the agreement or RFP will apply. As used herein, concessions generally mean agreements for the provision of food and beverage, retail, and consumer service privileges in the Terminal Complex.

A. PURPOSE OF THIS DOCUMENT

This Concession Policy is intended to provide internal direction to Denver International Airport (the "Airport" or "DEN") staff for the solicitation, selection, award and administration of food and beverage, retail and consumer service concession privileges within the terminal building and concourses ("Terminal Complex") at Denver International Airport.

This Policy does not constitute a part of any concession agreement, and there is no contract right, property right, or private right of action by any person or party to enforce this Policy. DEN may change or deviate from this Policy in any concession matter, for any reason, in its sole discretion.

B. EFFECTIVE DATE

This Policy and its guidelines are effective immediately. This policy will be reviewed periodically and updated as appropriate in DEN's discretion.

C. CONCESSION PROGRAM VISION STATEMENT

The vision for the Airport's concession program is:

"A Concession Program that is among the best in the world offering value, excitement and wide range of culinary and retail experiences and services that evoke a strong sense of place reflecting the modern west spirit of Denver, Colorado and Rocky Mountain West."



D. GOALS FOR THE CONCESSION PROGRAM

The goals for the concession program are as follows:

1. Respond to customer needs and provide value and great customer service in everything we do
2. Maximize our non-airline revenue consistent with our obligation to airline partners based on ongoing customer research and feedback
3. Maximize small and local business and Airport Concessions Disadvantaged Business Enterprise (ACDBE) opportunities through continued use of our direct and competitive leasing approach
4. Keep our program fresh and dynamic by introducing new concepts and services
5. Pursue creative concession design to entice and excite customers by merging architecture, design, graphics, and DEN and concession branding
6. Attract the best local, regional and national food and beverage and retail concepts and tenants
7. Create and maintain a vibrant first-class concession program offering a range of quality food and beverage, retail and services in a branded environment, with particular emphasis on local, regional, national and global brands.

E. ROLE OF NON-AIRLINE REVENUES IN MAKING DEN COMPETITIVE

Increasing non-airline revenue benefits both the Airport and signatory airlines by decreasing the Airport's reliance on airline rates and charges and strengthens DEN's ability to attract new domestic and international passengers and air service. The Airport's Lease and Use Agreement with the signatory airlines requires that the Airport manage the Airport's concession program in order to maximize non-aviation revenue. The lease agreements with the Signatory Airlines state the following:

"In order to minimize the rentals, rates, fees and charges which Airline is obligated to pay under this agreement, the Airport shall promote and develop non-airline revenues at the Airport in a manner consistent with that of a reasonable prudent airport operator."



II. DIRECT LEASING AND SMALL BUSINESS OPPORTUNITIES

DEN has made a commitment to maximizing opportunities for small businesses, including local small businesses and ACDBEs, through a fair and transparent selection process.

By creating a “level playing field” DEN can encourage participation and increase competition, thereby strengthening the concession program.

There are thousands of individuals and companies that have expressed interest in competing for concession opportunities at DEN. Many of these individuals or companies are capable of contributing to the success of DEN and its concession program and are looking to expand their businesses to the Airport, which offers excellent exposure for their small business. The Airport has a responsibility to select tenants with the experience needed to succeed at the Airport given its unique operating challenges and investment requirements.

It is in DEN’s interest to maximize the competition for future concession privileges, as increased competition provides a broader range of concepts and brands, contributes to the development of a unique “sense of place”, as well as creating a deeper pool of qualified concession operators from which to choose.

To the extent possible, DEN will provide outreach to local parties on future concession opportunities, provide useful information on current concession operations, and explain the concessionaire selection process in a way that will allow them to make a fully informed decision on whether to respond to future concession RFPs. DEN will also provide technical information on how the RFP process works, and ensure that the RFP process does not unfairly disadvantage small businesses that lack the resources of larger concession competitors.

A. ROLE OF DEN AS MASTER DEVELOPER

The Airport has implemented a direct contracting approach for the concession program. DEN management acts as the overall developer of the concession program. Under its direct contracting approach, the Airport enters directly into concession agreements with many individual concession operators rather than using a master concessionaire, prime concessionaire, or a concession developer, as do some airports.

It is the policy of the Airport to enter into direct leases with concession operators except where there are unique circumstances. Direct leasing provides the highest overall level of revenue to the Airport and is the best approach for encouraging participation by local businesses.

To ensure realization of the Airport’s goals, the Airport will impose well-defined performance, development and operating standards in the concession agreements it enters into with concessionaires .

The term of concession agreements will be sufficient to allow reasonable amortization of investment consistent with the practices of other comparable airports. As an alternative to the Airport setting the term, the Airport may stipulate that concessionaires provide a proposed length of term in their proposals in response to RFPs.



B. AIRPORT CONCESSIONS DISADVANTAGED BUSINESS ENTERPRISES

It is the policy of the Airport that Airport Concessions Disadvantaged Business Enterprises (ACDBE's) (as defined in 49 CFR Part 23) have maximum opportunity to participate in the concession program. To this end, except for special circumstances, the Airport generally requires ACDBE participation in the submission of bids or proposals for all concessions. The granting of concessions will be by competitive proposal. Historically, the Airport has met its ACDBE goals through its direct leasing policy and emphasis on attracting small local businesses.

C. OPTIMIZING SMALL AND LOCAL BUSINESS OPPORTUNITIES

The Airport has made a commitment to local businesses to ensure a "level playing field" in the solicitation and award of concession privileges, and to ensure that small local businesses have an equal chance to compete with large national or international concession operators.

Under federal law the Airport cannot and does not grant preferences for local ownership. Nevertheless, the Airport believes there are advantages to local ownership of concessions. Local ownership allows for close attention to day-to-day operations, high operating standards, and brings a "sense of place" to the concession program.

Local ownership includes local owners operating national branded concepts through franchise or license agreements.

There is already strong local interest in Airport concession opportunities. It is in the Airport's interest to encourage even higher levels of participation in order to increase competition and secure the best possible tenants. An expanded local outreach program is described below.

D. PUBLIC NOTICE AND LOCAL OUTREACH

It is the policy of DEN to develop strong public interest in each concession opportunity being solicited. To this end, DEN will make efforts to give reasonable public notice consistent with Airport policy in advance of its solicitation for each concession privilege.

Local outreach meetings may be held from time-to-time and targeted to local, small and ACDBE businesses in order to:

1. Encourage participation in the competitive award of concession privileges at DEN that will attract new concepts, strong operators, local brands, and local ownership.
2. Educate potential operators on the advantages and disadvantages of doing business at the Airport, including financial, operational, and potential business risks and rewards, so that each interested operator can make an informed decision about participating in the competitive selection process. The assistance of current concessionaires will be sought for this purpose.
3. Provide information on the nature of the concession privileges to be awarded in the coming year so that interested operators have time to analyze the opportunity, arrange financing, and lay the groundwork necessary to prepare a strong proposal.
4. Provide guidance and, from time-to-time, basic technical assistance on the steps necessary to participate in the selection process and submit a proposal.



E. CONCENTRATION OF OWNERSHIP

To help promote competition and create opportunities for small businesses, the Concentration of Ownership Limit (the “Concentration Limit”) caps the amount of leased concession space that each concessionaire may have at DEN. The Concentration Limit may be implemented, enforced, and amended in DEN’s discretion.

Scope: A “concessionaire” subject to the Concentration Limit is any person or entity that has a direct or indirect ownership interest in a DEN concession business, except for rental car companies, temporary or rotating kiosks, advertisers, passenger services, businesses located outside the main terminal complex and concourses, and other ancillary offerings. Before applying the leasehold cap, an individual concessionaire’s leasehold interest will be combined with the leasehold interests of any immediate family members who are concessionaires.

Leasehold Cap: No concessionaire should have a combined leasehold interest that exceeds 15% of the total leased concession space at DEN. The airport-wide square footage underlying this cap may change without notice due to newly leased spaces, reclaimed premises, updated measurements, and other airport developments.

Application: Respective square footage leasehold interests are calculated proportionally based on the lowest levels of concessionaire ownership of the various companies (including ACDBEs) that comprise the contracted entities in concession agreements.¹ An individual concessionaire’s leasehold interest in a concession is calculated by multiplying (i) the total square footage leased for that concession under a concession agreement² by (ii) the percentage representing the concessionaire’s ownership in the concession business, either as a direct stake in the contracted entity or through an interest in subsidiaries, affiliates, trusts, and other financial instruments tied to the concession.

For example, if a concessionaire’s ownership is limited to a 50% stake in a company that owns 20% of the contracted entity operating a 1,000 sq. ft. concession, that concessionaire’s allotted leasehold square footage would be 100 sq. ft. In turn, the concessionaire’s combined leasehold interest in concession space at DEN would equal the sum of the concessionaire’s leasehold square footage at each concession.

For purposes of applying the Concentration Limit, if a new concession agreement leases premises that are being used for an existing concession business, the leasehold interest in that concession space is no longer allotted to the existing concessionaires and transfers to the new concessionaires as of the contract execution date regardless of any closing or construction delays. If a concession operation is subleased, the entire square footage leasehold interest is separately allocated to both the tenant concessionaires and the subtenant concessionaires.

Ownership Reporting: To ensure reliable calculations, each contracted concession business must submit complete and accurate ownership information down to the lowest levels of individual financial interest, along with any operating agreements or other contracts that are reasonably requested. Self-certified ownership reports must be submitted in the procurement process and annually as specified by DEN, and must include a sworn affidavit attesting to the truth and completeness of the information provided. Failure to provide accurate ownership data could result in contractual remedies and disqualifications from future concession opportunities at DEN. As also required by individual concession

¹ Leasehold interest calculations for large concession corporations and retail brands that are publicly owned or controlled by publicly traded companies or private equity remain at the corporate level and are not driven down to individual personal owners.

² All support spaces, which are usually provided through separate contracts, are not included in the calculations.



agreements, any proposed sublease, change in business ownership, or assignment of operational duties must be approved in writing.

Enforcement: Each concessionaire's combined leasehold interest will be calculated based on the ownership data provided, converted into a percentage of DEN's leased concession space, and posted annually on DEN's website. If a concessionaire's leasehold interest exceeds the cap, the concessionaire would not be eligible for participation in the concession ownership or management under new or assigned agreements unless it divests itself of sufficient leasehold square footage at other concessions. An entity bidding for a concession opportunity may be disqualified based on ownership by any such concessionaire unless an adequate divestment is ensured to occur prior to the execution of any new agreement.



III. CONTINUOUS IMPROVEMENT OF DEN'S CONCESSION PROGRAM

Concession programs are a major determinant of passenger satisfaction with the airport experience. Passengers today have come to expect a wide range of high-quality shopping, dining and consumer service offerings at reasonable prices at modern and well-designed shops and restaurants. As customer preferences change the concession program should adapt as well. This may require changing the use of a space at the expiration of a concession agreement.

Passengers are spending more time in airports, particularly in the areas beyond security. Food and beverage services have become more important as airlines reduced or eliminated meal services.

Customers prefer having a variety of food options and types of services. Specialty retail programs are more prominent as passenger dwell times increase.

A. USE OF BRANDS

To achieve the overall vision for the concession program, DEN needs a full range of food and retail services that includes an appropriate mix of international, national, local and regional concepts.

Proven local concepts and brands help to differentiate DEN from other airports and supports DEN's unique sense of place as the gateway to the West.

Experience at airports in the U.S. and around the world has shown that passengers (and employees) have a strong preference for local and national brands. Brands outperform "generic" airport concepts and offer customers greater familiarity, value, quality, and customer satisfaction.

Local brands have proven to be very successful at airports and can differentiate an airport's concession program to help create a unique "sense of place". At many airports established local restaurant operators have been successful in bringing their brands to airports through self-operation or by franchising or licensing their concepts to other qualified operators. Legal Sea Foods at Boston Logan, Max & Erma's at Columbus, Perry's Restaurant at San Francisco, and Garduno's Restaurant at Albuquerque airports are examples of well-regarded successful local restaurants that help differentiate these airports from others.

For concession operators, brands offer advantages of proven menus, operating systems, and added quality control inspections by the brand owner. The Airport can also ensure its pricing policy is followed because prices at branded restaurants can be easily compared with off-Airport units.

The Airport believes a mix of strong local and national brands provides the best overall balance, the highest level of service, creates incremental sales by offering a wide selection, and creates a unique concession program that appeals to the broadest range of passengers, both local originating passengers and those passengers who use the Airport for flight connections.



B. ONGOING CONCESSION PERFORMANCE EVALUATION

The best information for making decisions concerning the concession program comes directly from our customers. The DEN concession program should be responsive to the needs of a broad range of passengers, both local and connecting. Periodic passenger intercept surveys are the best way of evaluating the needs of the marketplace, identifying strengths, weaknesses and opportunities and understanding customer perception of our program. In order to ensure a high level of customer service and program performance, DEN may employ techniques to evaluate program performance used by airports with leading concession programs, including:

- Customer comments
- Passenger intercept surveys
- Concessionaire performance monitoring by DEN staff
- Independent “Secret Shopper” audits
- Internal benchmarking and operational performance data
- External benchmarking with comparable airports
- An annual concession program performance report compiling all of the above.

C. CONCESSION MERCHANDISING GUIDANCE

To ensure that a high-quality concessions program is provided to travelers, employees and other users of the concessions program, DEN staff may prepare and periodically update the concession Merchandising Guidance identifying the optimal use of concession program space within the Terminal Complex and which will maximize achievement of our concession program goals. The airport will solicit the expertise of its concessionaire group within the concession program when developing the Merchandising Guidance.

The Concession Merchandising Guidance may be updated periodically to reflect passenger needs and changes in the airport and airline operating environment. The Concession Merchandising Guidance will provide the underlying rationale to develop concession solicitations.

D. CREATING A COMPETITIVE ENVIRONMENT

Passengers, Signatory Airlines, and DEN all benefit from healthy competition at the Airport.

Competition between concessionaires ensures that the customer has multiple choices among brands and services, and helps to keep prices reasonable, just as competition for concession privileges through the RFP process results in stronger concepts, operators, and business plans.

By applying the Concentration of Ownership Limitations described above, DEN will seek to ensure that no single concessionaire dominates any concession category or area of the airport.



IV. CONCESSION BUSINESS TERMS

This section describes the basic business terms which will be incorporated in requests for proposals and the standard form of concession agreement. DEN recognizes that the business terms must be balanced to ensure reasonable pricing, quality investment in facilities, excellent customer service, and, for concessionaires, the opportunity to create a successful business with good returns on their investment.

A. METHOD FOR AWARDING CONCESSIONS

Competitive proposals will be used for those concession privileges where type of service, volume of business to be generated, quality of services or products, and demonstrated capability and depth of management can be clearly differentiated among several potential operators. The concession will then be awarded following the Airport's comparative evaluation of each proposal with respect to depth of management, demonstrated experience, reputation, proposed improvements, level of capital investment, financial return to the Airport, and any other specific selection criteria as set out in the RFP.

However, in certain circumstances the CEO may enter into agreements on a sole source or negotiated basis if such action is in the best interests of the Airport.

B. TERM

An RFP may either establish a defined term for a concession agreement or require that proposers propose a term length in response to a given opportunity. In cases with fixed terms, the Airport will use the following as its guideline: passenger level, in line, casual dining with bar concepts have a term of 10 years, all other in-line concepts have a term of 7 years. Kiosks that are not part of the airport's RMU program have a maximum 7-year term. DEN has the discretion on a case-by-case basis to determine appropriate term lengths based on the capital required for buildout based on size and location of each concession, or any other factors in DEN's discretion.

DEN will not include optional extensions of leases in its concession agreements.

C. HOLDOVER AGREEMENTS

No concession agreement will generally be permitted to operate on holdover for longer than three years beyond the agreement's given Term. If at any time DEN determines special circumstances exist that warrant a concession to continue operating as a holdover beyond three years, DEN Concessions Management will document the special circumstances, including a timeline for expected termination of the holdover tenancy, and obtain CEO approval prior to the end of the three-year holdover period. Concession agreements whose initial Term expired prior to this Policy's adoption are included in a separate development plan by DEN and therefore excepted from this Policy.



D. GENERAL FINANCIAL BASIS FOR PROPOSALS

In most instances, the financial return to the Airport from each concession will be based on a privilege fee expressed as a percentage of gross revenues (i.e., top line sales) or a payment per enplaned passenger (or total enplaned and deplaned passengers), against a minimum monthly guarantee.

The contractually set minimum monthly guarantee will be calculated using the proposer's pro forma to determine its monthly guarantee for the first year. Percentage fees will be based on the Proposer's bid at RFP between a minimum and maximum range established by the Airport at the time of the RFP. The minimum and maximum range may be established based on the operating history of the Airport and its understanding of market conditions locally and/or at other airports it considers being comparable.

All concessionaires occupying storage space will pay a storage space rate per square foot in accordance with the annual Airport Rates and Charges determination.

E. REQUIRED CAPITAL INVESTMENT

Construction of concession spaces in the Airport terminal and concourses is challenging due to stringent security requirements, ongoing airline operations, restrictions on deliveries on the airside (aircraft ramp areas), and limitations on noise, dust, or other inconveniences to Airport passengers. Other factors that may affect the cost of construction include prevailing wage requirements and the state of the local economy, which affects the demand for construction services and the availability of contractors.

The Airport will establish in each RFP a capital investment requirement that will reflect the likely cost of building out quality improvements consistent with the Airport's Tenant Design Standards.

The actual cost to construct improvements may vary and will be solely the responsibility of the successful proposer.

Proposers may propose a higher capital investment amount, which can be objectively considered in the evaluation of proposals alongside the entire concept, design, and materials presented. The expected capital investment requirement will be set by the Airport in the concession agreement. The proposer will be held to the same level of design and finish material quality as proposed in the RFP. So long as the proposer builds to this level of standard and quality any shortfall between the actual cost and the proposed capital investment will be to the benefit of the proposer.

The concession agreement will provide detailed language on the allowable components of construction costs for purposes of satisfying the capital investment requirement.

F. MID-TERM REFURBISHMENT OBLIGATION

Concession agreements longer than 5 years will require a mid-term refurbishment. The Mid-Term Refurbishment obligation could include, but is not limited to, replacement of flooring, counters, seating and other surfaces, and excludes ongoing, routine maintenance expenses required of all concessionaires. The proposer is expected to incorporate the Mid-Term Refurbishment costs into its original business plan. The concession agreement will provide language regarding mid-term refurbishment requirements.



G. PROPOSAL SURETY AND PERFORMANCE SURETY

A Proposal Surety will be required with each proposal as a guarantee that the proposer will execute a formal concession agreement with the Airport if its proposal is selected. The Proposal Surety in an amount between \$5,000 and \$25,000 may be retained as liquidated damages in the event that a proposer fails to execute an agreement or to furnish a faithful Performance Surety and will act as partial compensation for lost revenue due to the delay in award of the concession privilege, or to offset the additional time and expense of reissuing the RFP, if necessary. The Proposal Surety will be returned to the successful proposer after full execution of a concession agreement and delivery of the Performance Bond.

The Performance Surety will provide the Airport with a financial guarantee equal to six months Minimum Annual Guarantee (adjusted in each following year to one-half of the annual revenue paid to the Airport).

All proposals submitted to the Airport will constitute a firm and binding offer to the Airport and may be accepted by the Airport at any time within 120 days after the proposal due date. After 120 days the proposer has the option to extend its proposal if requested by the Airport.

Proposal Sureties may be in the form of a bond or a cashier's check payable to the Airport.

Proposal Sureties of all unsuccessful proposers will be returned after a successful proposer has been formally chosen and recommended by the CEO, or, in the event that all proposals are rejected, after the date of rejection.

H. INSURANCE

Insurance requirements are included in the concession agreement as established by the Airport's Risk Manager and are subject to change at the Risk Manager's discretion, including requirement of additional insurance. Insurance requirements are established for the protection of the Airport, passengers, and other tenants and users of the Airport. The requirements must be met by each tenant before commencing operations.



V. SELECTION PROCESS

A. MINIMUM QUALIFICATIONS

In order to have a proposal considered by the Airport, all prospective operators of concession or customer service privileges in the Terminal Complex must demonstrate that they meet the minimum qualifications for the concession established in the RFP documents. Typically, proposers will be required to meet the following minimum qualifications:

1. **Minimum Years of Experience Required.** Each proposer must demonstrate meeting the minimum years in the ownership, management and operation of a retail, food and beverage, or service business specified in the RFP. Ownership means control of more than 50% of the equity of the business. If a proposer has multiple owners, a majority of the equity must be held by companies or individual(s) who meet this minimum qualification.
2. **Minimum Gross Revenues Required.** The retail, food and beverage, or service business used to meet the requirements in (A), above, must have had minimum gross sales equal to at least 50% of the estimated first-year gross revenues of the concession that is subject of the RFP.
3. **Financial Capability.** Airport staff will review information concerning the proposer's financial capability (defined as the ability to finance the improvements and provide working capital necessary to operate the concession) and may contact the proposer to obtain any additional information needed to make this determination.
4. **ACDBE Requirements, if any.** The DEN Commerce Hub will review the proposal and determine if the proposer has met, or made a good faith effort to meet, any ACDBE requirements.

Failure to meet each of the minimum qualifications will result in the proposal being rejected and not subject to further evaluation.

B. PREPROPOSAL CONFERENCE AND SITE VISIT

Following the issuance of an RFP, Airport staff will conduct a pre-proposal conference and site visit. The pre-proposal conference affords all potential proposers the opportunity to gain an understanding of the concession opportunity and the requirements of the RFP.

An RFP's manner of publication may include, but is not limited to:

1. Publishing on BidNet
2. Advertising in local newspapers, by sending notices to local chambers of commerce, trade publications, and minority business groups,
3. Placing a notice on the City or Airport's website,
4. Sending notices by email to interested parties who have registered their interest in the concession program with the Airport.

To the extent possible, a list of the names and addresses of all persons or firms to which any RFP documents have been issued will be maintained. Subsequent changes or addenda to the RFP will be made available electronically to all those on record as having received RFP documents and will be posted on the Airport's website.



C. PROPOSAL REJECTION

Proposals may be rejected or disqualified for any of the following reasons:

1. Failure to meet the Minimum Qualifications.
2. Failure to provide complete documentation as required.
3. Collusion among proposers.
4. Default or termination of other contracts with the Airport.
5. Improper contact with Airport or Airport personnel with regard to an RFP.
6. Lack of ability to operate the concept or brand as proposed.
7. Omissions or fraudulent statements.
8. Failure to comply with the terms and conditions of existing concession agreements or contracts with the Airport or City and County of Denver.
9. Default or arrearages under any previous or existing agreement with the Airport, or the existence of unresolved monetary claims by the Airport against the proposer, or debts owed to the Airport.
10. Failure to disclose all trademark, copyright, licensing, franchise, and other contractual or property rights proposer has with third parties that proposer intends to use at DEN that may restrict current concessionaires in any way, or may have an unfavorable impact on future proposers for concession privileges at the Airport.
11. Other causes as deemed relevant by the CEO.

In addition, the CEO reserves the right to reject any and all proposals for any reason.

D. EVALUATION CRITERIA

For each concession opportunity, Airport staff will set the criteria that will be used to evaluate the proposals in advance and include the criteria and the weighting for each criterion in the RFP. These criteria will be selected and weighted to focus on finding the best tenant for the concession space that maximizes sales and customer satisfaction.

Evaluation criteria will, to the extent practicable, emphasize the experience and qualifications of the proposer, the proposal's alignment with the Airport's strategic objectives, the strength of the proposed concession concept, and the ability of the proposer to maximize sales, revenue to the Airport, and drive high levels of customer satisfaction.

E. THE EVALUATION COMMITTEE

Qualifying proposals received in response to each RFP will be given to an Evaluation Committee ("Committee") to be evaluated and scored.

The Committee will be chaired by a non-voting member of the Airport Procurement staff (or their designee). The Committee will initially consist of five (5) to seven (7) voting committee members, with the majority of the panel consisting of City and County of Denver representatives.



Committee members may include Airport or other City employees, consultants to the City/Airport, airline representatives, community representatives or subject matter expert (SME) volunteers from the private sector (provided there is no conflict of interest with current or potential concession tenants).

F. EVALUATION COMMITTEE SCORING AND ORAL INTERVIEWS

The Committee will prepare an initial scoring assessment based on the Evaluation Criteria. The Committee, may, at its discretion, invite the highest ranked proposers in for oral interviews. The number of interviews will normally be limited to 5, although the Committee has the discretion to invite more or less than 5.

The interview will be an opportunity for members of the Committee to ask questions or seek clarification of proposals and may include a formal presentation. The Committee may provide questions in advance of the interview. In the interests of minimizing the costs for small businesses, the following rules will apply to interviews. Proposers invited to an interview may not:

- Bring food or beverages, merchandise, gifts or handouts to the interviews
- Introduce additional information at the interviews that is not in the original written proposal
- Change or alter the business terms or proposed concept in any way

The proposer may provide written answers to questions provided in advance by the Committee.

Following the interviews, if any, each member of the Committee may revise its initial scoring. Only those evaluation criteria listed in the RFP will be used in the final scoring of the proposals by the Committee.

Individual Committee member scoring will be accomplished using a 1-5-point scale and % weighting applied to each criteria based on evaluation criteria listed in the RFP. Decimal numbers may be used to avoid evaluation scoring ties. The points will be multiplied by the total % weighting assigned and added on an individual proposer's basis to determine the ordinal ranking of all proposers.

The Committee's work will not be complete until a recommendation has been made by the CEO. Individual Committee member identities and points/rankings will not be shared.

G. AUTHORIZATION TO NEGOTIATE BY THE CEO

The Committee's composite score will be submitted to the CEO. The CEO reserves the right to select a proposer that was not the highest ranked by the Committee in terms of total points when it is in the best interests of the Airport. In choosing to exercise their authority, the CEO may consider other aspects of the concessions program that the Committee did not consider.

The CEO will then authorize Airport staff to extend an offer for a concession agreement. If the proposer fails to execute a concession agreement within the time specified by DEN, the CEO may then authorize extension of an offer to another proposer. The CEO's authorization to extend an offer of a concession agreement does not guarantee that a concession agreement will be completed and sent to the City Council for approval.



H. NO SUBSTITUTION OF BRANDS AFTER AWARD OF A CONCESSION AGREEMENT

The single most important factor in awarding a concession privilege is the proposed concept and brand. For this reason, a concept or brand may not be changed or substituted following award absent special circumstances. Proposers will be responsible for ensuring that they have established the relationship with the brand or concept owner, understand the business terms that will apply, and have the legal authority to both propose and operate the brand or concept being proposed prior to submitting a proposal.

No substitution of brands or concepts will be permitted unless unique justifiable circumstances exist or such substitution is in the best interests of the Airport, as this could be interpreted as unfair to other proposers or could be seen to undermine the integrity of the competitive proposal process.

The RFP and concession agreement will establish documentation standards for a concessionaire to demonstrate that it possesses the right to use its proposed brand.

I. INITIATION OF AIRPORT APPROVAL PROCESS

Once the proposer has signed the concession agreement, normal Airport approval processes will be initiated. A concession agreement will not be considered awarded, binding or in effect until it has been approved and executed by all the signatories of the City.



VI. CONTRACT ADMINISTRATION AND COMMITMENT BY STAFF

The success of DEN's concession program relies on the cumulative successful performance of all concessionaires. DEN concessionaires' success also translates into enhanced customer satisfaction and increased revenue to the Airport. Similarly, concession tenants also rely on the performance of other tenants. If a customer has a bad experience in one DEN concession, the customer is unlikely to visit other concessions.

Staff will be careful to consider the impact of a request by one concessionaire on other concession tenants as well as the program as a whole.

A. TIMELY DECISIONS BY STAFF

The DEN organization is aligned under a Deputy Manager position to enhance the performance of non-airline revenue generating activities. This requires staff to make timely decisions or collect all necessary information so that a decision may be made by others.

Concessionaires are required by the terms of their concession agreements to seek prior approval on certain matters, such as price increases and changes or improvements to their facilities.

Unnecessary delay in making decisions results in added costs for concessionaires. Wherever possible, decisions should be made at the appropriate level of the organization or forwarded to the appropriate management level for disposition. Policies and procedures will be developed for the handling of routine requests.

Concessions staff does not control all aspects of the Airport. For example, design review, parking permits, or security badges are administered by other departments of the Airport and are not under concessions staff control.

B. PRICING AND PRICING APPROVALS

Concession agreements stipulate a "street plus 15%" pricing on goods and services sold. Customers are sensitive to pricing at airports, and it is in DEN's long-term interest to ensure that prices are kept at a level consistent with its pricing requirements.

Pricing changes require DEN approval. To simplify the review of pricing requests, the following approach will be developed and put into effect.

1. **Opening of new concessions.** DEN concessions staff will ensure that prices in effect at the time of opening of a new concession are consistent with the prices included in the proposal and incorporated by reference in the concession agreement. The pricing committed to by the concessionaire during the RFP process and prior to opening will be in effect for the remainder of the calendar year before a new pricing survey shall be considered.
2. **Pricing Approval.** Retail pricing is based upon sampling of product items, and price ranges for certain items may be used. Restaurant pricing requires approval of each proposed menu item and price. In each case comparisons will be made to a survey of mutually agreed street locations to determine if the "street plus 15%" standard has



been met. If a concept is a national brand (e.g. Body Shop, McDonalds, Brookstone) corporate pricing may be substituted for the local survey.

Role of Contract Administrator: Contract administrators have discretion and flexibility in determining pricing policy compliance. Contract Administrators may approve as comparables local concepts that are not strictly aligned with the airport location in order to establish prices for goods or services offered at the airport (e.g. street location sports bars may not typically serve breakfast, but an airport sports bar may, so a street comparable non- sports bar location may be established just for breakfast items), Contract administrators oversee the process by which pricing is checked randomly at DEN establishments and will notify concessionaires directly if any pricing is out of compliance with agreement requirements.

C. CUSTOMER SERVICE STANDARDS

Customers ultimately have many retail and restaurant opportunities available to them. To entice customers and create a world-class concessions program all concessions must meet minimum customer service standards that are outlined in the concession agreement and Airport Rules and Regulations. The Airport will monitor compliance with these standards and take appropriate action when these standards are not met.

D. LIQUIDATED DAMAGES

The Airport's Rules and Regulations and some concession agreements provide liquidated damage provisions for non-performance by concessionaires. Concessions staff will use the existing procedures in the Rules and Regulations in conjunction with the individual concession agreement to ensure DEN is compensated for damages incurred from a concessionaire's noncompliance with the concession program or agreement.

Liquidated damages assessed under the Rules and Regulations are in addition to any other remedies available to the Airport as provided in the concession agreement, or at law or in equity.

F. ASSIGNMENT OF CONCESSION AGREEMENTS

The award of concession privileges is based on a number of factors, including the experience, qualifications and financial strength of the proposer. The Airport enters into a concession agreement on the assumption that the proposer will be the operator of the concession throughout the term.

It is generally not in the best interests of the Airport to permit the transfer, sale, assignment or sublease of a concession agreement. Further, it is not in the Airport's interest to encourage speculation in the ownership of concession businesses, or to permit or encourage a party to gain from the sale of its concession agreement. The Airport has the sole discretion to approve or deny the proposed assignment of a concession agreement for any reason.

In no case will assignments be approved that provide for a term extension.



G. MARKETING PROGRAM

Under the terms of existing concession agreements, the Airport collects 1% of sales in addition to the normal concession rent to fund a joint marketing program (aka "Joint Marketing Fund", "JMF"). The intent of this program is to help all concessionaires achieve increased sales and increased revenue to the Airport. This money will be spent on programs identified by the Airport as valuable with input from the concessionaires, such as advertising, directories, brochures, and promotions. When appropriate, costs related to the DEN Concessions Excellence in Service Program will be charged to this fund.

The DEN staff, or their contracted designee, will administer the JMF with the advice of a Concessionaire Advisory Committee (see below).

H. CONCESSIONAIRE ADVISORY COMMITTEE

A concessionaire advisory committee, representing a diverse cross-section of current concessionaires, will be established in consultation with the existing concessionaires. The committee will provide insights and feedback regarding the direction of the JMF, the DEN Concessions Excellence in Service Program and other concession-related issues, with final decisions to be made by DEN.

The revenue to fund the JMF is collected from the concessionaires and will be deposited in the Airport Revenue Fund, as required by the General Bond Ordinance. DEN staff in conjunction with the Concessionaire Advisory Committee will prepare a set of goals and objectives for the JMF, and an annual budget based on the revenues to be collected during the year and consult with the Concessionaire Advisory Committee on the use of those funds.

I. LEVERAGING OF TECHNOLOGY

DEN can improve the development, management and administration of the concession program by leveraging new technologies. To the extent that resources and capabilities allow, new technologies will be incorporated in our policies and procedures.

J. AIRPORT IRREGULAR OPERATIONS AND EMERGENCIES

Effective communication with concessionaires is required to serve the traveling public during irregular operations and emergencies. When irregular operations (such as snow events, electrical and technological outages) are declared at DEN, the Concessions staff will be the primary conduit for communications with all concessionaires during the event. To ensure consistent coordination, concessionaires should direct all inquiries during irregular operations to Concessions staff. Coordination and procedures during emergencies will be established by appropriate stakeholders. Emergencies and imminent threats will be communicated by DEN Emergency Operations Center (EOC). Should the EOC have further direction for concessionaires, the concession team will notify concessionaires.