

A blue-tinted map of North America with a grid overlay. A black dot is placed over the location of Denver, Colorado, with the word "DENVER" written in black capital letters to its right.

● DENVER

PREMIUM VALUE CONCESSIONS THIRD PARTY ADMINISTRATOR CONTRACT AMENDMENT

Neil Maxfield, Acting Director of Concessions
Rob McDaniel, Metrix Advisors, LLC
Chris Martinez, Director DSBO
August 27, 2014



DENVER INTERNATIONAL AIRPORT
TOGETHER WE SOAR

Premium Value Concessions Rule 45

- Airport Rules and Regulations, Rule 45: Premium Value Concessions Program
 - Approved Airport Rule in May 2011
 - Program jointly developed between Airport and concessionaires
 - Took two years to develop

RULE 45: PREMIUM VALUE CONCESSIONS PROGRAM

1. INTRODUCTION.

The Department of Aviation created the “Premium Value Concessions Program” (“PVC Program”) described in this Rule to encourage growth in concession revenues at Denver International Airport (the “Airport” or “DIA”), and encourage Airport Concessions to comply with their Concession Agreement terms and maintain high standards for the quality of foods, beverages, and goods sold at DIA. The PVC Program is in addition to DIA’s ability to offer concession opportunities via Request for Proposals (“RFP”) or direct negotiation, and provides an objective set of performance criteria through which participating Concessions, including eligible Airport Concessions Disadvantaged Business Enterprise (“ACDBE”) concessions, may obtain the right to execute a new concession agreement at the end of their term (the “Program Benefit”, described more completely in Section 1.01 below). It is desirable for DIA to retain its best Concessions, as these are most likely to offer the best overall performance in Concession Agreement compliance, customer service, and sales generation, the combination of which can lead to greater revenues to DIA.

Premium Value Concessions Rule 45

- Program's Purpose
 - Encourage growth in concession revenues, encourage contract agreement compliance, and maintain high quality standards



The screenshot shows the Denver International Airport Business Center website. The page title is "Premium Value Program | C...". The navigation menu includes "Business Opportunities", "Financials & Statistics", "Community Matters", and "DIA Information". The main content area is titled "Premium Value Program — Concessions" and includes sections for "Concessions Development Program", "Definition Of Financial Metrics Report Types", "Premium Value Program Reports", and a list of reports from 2009 to 2014. The right sidebar contains sections for "GOVERNING RULE: AIRPORT RULE 45", "PHASE 2 DOCUMENTS", "PHASE 1 DOCUMENTS", "PRESENTATIONS", and "OUTREACH DOCUMENTS".

GOVERNING RULE: AIRPORT RULE 45
[Rule 45- Premium Value Concessions Program \(Adobe PDF\)](#)

PHASE 2 DOCUMENTS (Adobe PDF)
[Phase 2 Program Benefit Eligibility List](#)
[Phase 2 Program Benefit Scorecard](#)

PHASE 1 DOCUMENTS (Adobe PDF)
[Phase 1 Program Benefit Eligibility List](#)
[Phase 1 Program Benefit Scorecard](#)
[Customer Service Report](#)

PRESENTATIONS (Adobe PDF)
2014
[PVC Training Program Logistics and Peer Airports](#)
2013
[Customer Service Form Update - June](#)
[Training Program Presentation - November](#)
[Competitor Airports Selection and Customer Service Scores Analysis](#)
[Program Review and Phase 2 Timeline](#)
2012
[Benefit Determination](#)
[Appeals Process](#)
[Financial Scoring and Reporting](#)
[Customer Service Scoring and Reporting](#)

OUTREACH DOCUMENTS (Adobe PDF)
 Concession Gate Allocation Maps
 • [Concourse A](#)
 • [Concourse B](#)
 • [Concourse C](#)
 Candidates' Program Phases
 Concessions' Merchant Zone Assessments
 Minor Merchandise Category

Year	Financial Reports	Customer Service	Competitor Airports	KAEP	Scorecard
2014	Report A	Report B	Report C	Report D	Report E
2013	Report A	Report B	Report C	Report D	Report E
2012	Report A	Report B	Report C	Report D	Report E
2011	Report A	Report B	Report C	Report D	Report E
2010	Report A	Report B	Report C	Report D	Report E
2009	Report A	Report B	Report C	Report D	Report E

PVC Program

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- Program Benefit
 - Direct negotiations for **new** contract instead of normal RFP process
- Concession Partner Participation
 - At program inception was voluntary; now compulsory
- Required Third Party Administrator
 - Metrix Advisors, LLC
 - Administers Rule 45 on behalf of DIA and concessionaires

Third Party Administrator Procurement Process

- Third Party Administrator RFP issued June 30, 2011
- Six respondents to RFP
- Selected by selection panel interview
- Panel comprised of three DIA staff and two concessionaires
- Mextrix Advisors, LLC was awarded a 5-year contract in late 2011; expires 2017
- Began work in March of 2012

Metrix Advisors, LLC

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- Founded in 2009
- 100% minority-owned company
- ACDBE, DBE, M/WBE, SBE certified
- 7 full-time employees
- Corporate office in historic Five Points
- Contracts in 3 states
- Focus on state and local government quantitative solutions
- Primary work codes: auditing, consulting, specialty services

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Metrix's Scope of Work

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- Developed and maintains PVC scoring model
- Conducts ~100 monthly secret shopping surveys at DIA
- Conducts >500 competitor airport secret shops every 18 months
- Generates 19 monthly reports to provide PVC scoring transparency
- Responsible for PVC Program Benefit Determinations
- Ongoing outreach to concessionaires on PVC questions
- Ongoing program advisor to airport and concessionaires
- Administers third party led appeals' hearings process

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Concession Performance

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- Program Performance Criteria
 - Concession agreement compliance
 - Pass/fail assessed at benefit determination
 - Financial performance
 - Monthly point scoring opportunities
 - Five sales metrics to earn up to two points
 - Customer service performance
 - Monthly point scoring opportunities
 - Compete against peers (internal), competitive airports (external), concession employees attend program's customer service training

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PVC Program Details

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- Concession peer groups
 - Two "major" categories- Food & Beverage, Retail
 - Nine "minor" categories- Seven F&B, two Retail
- Program benefit determination
 - Participant's total score compared to all concessions in same minor category
- Evaluation Period- 36 months of financials
- Scoring process timeline - Works backwards from agreement expiration date
- Phase-in periods- Three implementation periods
- Program costs- Concessionaire funded Joint Marketing Fund

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Program Reports = Operator Transparency

Premium Value Program Reports

Each month, concessionaires have the opportunity to obtain Financial Performance and Customer Service scoring points. The reports for the current year are updated monthly.

Financials	Customer Service	Competitor Airports	KAEP	Scorecard
Minor Merchandise Category	2012	2013	2014	
Bar	Report	Report	Report	
Casual Dining Bar	Report	Report	Report	
Food Court	Report	Report	Report	
Newsstand	Report	Report	Report	
Quick Serve	Report	Report	Report	
Quick Serve with Alcohol	Report	Report	Report	
Snack	Report	Report	Report	
Specialty Coffee	Report	Report	Report	
Specialty Retail	Report	Report	Report	

Premium Value Program Reports

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Quick Serve with Alcohol	Report	Report		
Snack	Report	Report		
Specialty Coffee	Report	Report		
Specialty Retail	Report	Report		

Competitor Airports – DIA Performance



Minor Merchandise Category	DIA	BWI	DFW	IAH	MSP	SFO
Bar	91%	72%	87%	86%	n/a	83%
Casual Dining	93%	91%	95%	91%	91%	93%
Food Court	94%	95%	92%	93%	91%	94%
Newsstand	89%	87%	90%	95%	91%	89%
Quick Serve	96%	97%	91%	95%	94%	99%
Quick Serve w/alcohol	97%	92%	94%	95%	91%	95%
Snack	95%	n/a	91%	94%	98%	97%
Specialty Coffee	94%	91%	95%	92%	92%	94%
Specialty Retail	87%	90%	93%	94%	94%	94%
AVG - All Categories	93%	89%	92%	93%	93%	93%

Average scores by minor merchandise category by month

PVC Merchant Zone Assignments



Merchant Zone	Model Name	Operator
A-CENTER-E	Ben & Jerry's / Caribou Coffee	F&B Concessions
A-CENTER-E	Hope's Country Fresh Cookies	Concessions Int'l
A-CENTER-E	Hudson Booksellers (Tattered Cover)	HG Denver JV
A-CENTER-E	KFC / Pizza Hut	Mission Yogurt
A-CENTER-E	McDonald's	McDonald's Corporation
A-CENTER-E	Panda Express	Concessions Int'l
A-CENTER-E	Peak News & Gifts	Denver Airport Enterprises, LLC
A-CENTER-E	Spirit of the Red Horse	CBR/HMS Host

PVC PROGRAM TRAINING INITIATIVE
Denver International Airport



PVC FORM UPDATES

Customer Service Experts, Inc.

Presented by:
Holly Buckner | Director, Business Development
June 27, 2013



www.CustomerServiceExperts.com | 2001 Rice Trace Parkway, Suite 100 Annapolis, MD 21401 | 888.732.7325

PVC Program Scorecard

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PVC Program - Eligibility Scorecard (Phase 2)



Minor Merchandise Category	Concourse	Reporting Name	Operator	PVC Phase	Merchant Zone	Total
Bar	B	Aviator's Club Smoking Lounge	Skyport Development	PHASE 3	B-MEZZ	2.034
		Lounge 5280	Skyport Development	FULL	B-MEZZ	1.000
Bar Count						3.0
Casual Dining Bar	A	Denver Chop House & Brewery	HMS Host Int'l	FULL	A-CENTER-W	1.800
		Jimmy's Bistro	Quizno's DIA	PHASE 3	A-CENTER-W	2.250
		Lefty's Colorado Trail Grille	CA One Services, Inc.	PHASE 2	A-INNER-E	1.333
		Mesa Verde Lounge	Quizno's DIA	FULL	A-MEZZ	1.394
	B	Cantina Grill	Skyport Development	FULL	B-MEZZ	1.278
		Colorado Sports Bar & Grille	Concessions Int'l	FULL	B-INNER-W	1.091
		Lefty's Mile High Bar & Grille	CA One Services, Inc.	PHASE 3	B-INNER-E	1.722
		New Belgium Hub	Concessions Colorado, LLC	FULL	B-RJF-E	2.088
		Pour La France	Skyport Development	FULL	B-CENTER-W	1.639
		Wolfgang Puck	Skyport Development	FULL	B-MEZZ	2.083
	C	Lefty's Front Range Grille	CA One Services, Inc.	PHASE 2	C-INNER-E	1.167
		Rockbottom Brewery	HOST International, Inc.	FULL	C-INNER-W	2.056
		Smokin Bear/Timberline/Einstein's	Mission Yogurt	FULL	C-CENTER-W	2.056
Casual Dining Bar Count						13.3
Food Court	A	KFC / Pizza Hut	Mission Yogurt	PHASE 2	A-CENTER-E	1.222
		McDonald's	McDonald's Corporation	PHASE 1	A-CENTER-E	2.056
		Panda Express	Concessions Int'l	FULL	A-CENTER-E	2.125
		Ben & Jerry's / Caribou Coffee	F&B Concessions	PHASE 3	A-CENTER-E	1.833
	B	Domino's Pizza	Moran Pizza, Inc.	Scoring Pool	B-CENTER-E	0.250
		McDonald's	Rosmik	PHASE 1	B-CENTER-E	2.139
		Steak Escape	Colorado Steak Escape	PHASE 1	B-CENTER-E	1.222
		TCBY Yogurt	Truogy Inc.	PHASE 3	B-CENTER-E	2.222
	C	McDonald's	McDonald's Corporation	PHASE 1	C-CENTER-W	2.111
		Tamales by La Casita	Dos Amigos JV, LLC	FULL	C-CENTER-W	1.722
		TCBY Yogurt	Truogy Inc.	PHASE 3	C-CENTER-W	1.111
		Villa Pizza	A&A Restaurant of Republic Plaza Inc.	PHASE 1	C-CENTER-W	2.056
Food Court Count						17.3
Food Court Cante						
Newsstand	A	Hudson Group News	Airport Management Services	FULL	A-INNER-E	1.917
		News Travels	Nuance Group	PHASE 1	A-CENTER-W	1.028
		News/Magazines/Books/Travel	Nuance Group	PHASE 1	A-INNER-W	1.361
		Newsstand	Denver Airport Enterprises, LLC	FULL	A-CENTER-E	1.806
	B	Connections Made EZ	Airport Concessions Int'l (ACI)	Scoring Pool	B-CENTER-E	0.556
		Connections Made EZ	Airport Concessions Int'l (ACI)	Scoring Pool	B-INNER-E	1.333
		Connections Newsstand	Avila Retail Development	PHASE 1	B-RJF-E	2.083
		Hudson Group News	Airport Management Services	FULL	B-OUTER-E	2.194
		Hudson Group News	Airport Management Services	FULL	B-OUTER-W	2.250
		Newsstand	Denver Airport Enterprises, LLC	FULL	B-CENTER-W	1.750
		Newsstand (Peak Concepts)	Denver Airport Enterprises, LLC	Scoring Pool	B-INNER-W	1.333
	C	Connections Made EZ	Airport Concessions Int'l (ACI)	Scoring Pool	C-CENTER-W	1.806
		Connections Made EZ	Airport Concessions Int'l (ACI)	Scoring Pool	C-INNER-W	1.417
		Hudson Group News	Airport Management Services	FULL	C-INNER-E	1.861
		Newsstand (Peak Concepts)	Denver Airport Enterprises, LLC	FULL	C-CENTER-E	1.722
Newsstand Count						15.0

PVC Benefit Eligible Recipient Process

- DEN Concessions and DSBO notified of Program Benefit recipient
 - ACDBE goals assigned during determination process
- Business partners review strength of concept
- Contract Procurement forms completed
- ACDBE participation approval process
 - DSBO, Division of Office of Economic Development
- Concession agreement drafted for concessionaire approval
- City approval process
 - Manager of Aviation, City Council, Mayor

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PVC and Airport Concession Disadvantaged Business Enterprise Programs @ DEN

- Administered by the Denver Small Business Office, a Division of the Office of Economic Development
- Overall aspirational goal set by Federal Aviation Administration
 - Currently 33%
- ACDBE program administered identically under PVC and RFP procurement processes
 - Perception differs, but is inaccurate



Airport Concession Disadvantaged Business Enterprise (49 CFR, Part 23)

- A **federal** program, required of airports receiving federal funds, designed to encourage the use of disadvantaged firms in airport concessions
- Modeled after **federal** DBE program (transportation projects)
- Meant to create a level playing field for all firms (*not* meant to give any firm an advantage over any other) and help firms compete and participate in concession opportunities (but not a guarantee of a contract)
- Became effective April 21, 2005
- Eligible firms include concessions operators as well as suppliers of goods and services
- Rules and regulations are created and enforced by the USDOT and cannot be changed or waived by local agencies/authorities
- Local programs, governed by local ordinance, include MWBE and SBE for construction, professional design and city procurement

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ACDBE Certification Requirements

– **Ownership**

- At least 51% of the firm's ownership must be managed and controlled by members of socially and economically disadvantaged groups. (Woman, Hispanic, Asian, Black, Native American)

– **Business Size**

- \$56.42M - F&B, retail, services and suppliers (3-year average gross receipts)
- Other, non-traditional categories based on varying gross receipts or upon number of employees

– **Personal Net Worth**

- \$1,320,000 cap
 - ***Excludes*** primary residence
 - ***Excludes*** ownership interest in applicant business

– **Types of firms**

- Concessions operators and suppliers to concessionaires (long-term, not one time)
- Must be able to demonstrate ability to manage and control business within a category. Firms with other, non-related certifications can qualify if appropriate knowledge is demonstrated

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ACDBE Goals

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- Review of the opportunity and determination of appropriate category of work/business (DIA goals request)
- Availability of certified firms in appropriate category (directory)
- Relative availability of small, minority/women-owned businesses in appropriate categories in the market area (Denver metro) (disparity study)
- Goals can be met by
 - Operator is ACDBE certified (100% of revenues counted)
 - ACDBE joint ventures with one or more firms (certified or non-certified)
 - Operator contracts with ACDBE to manage the store/restaurant
 - Operator purchases goods/services (on an on-going basis) from one or more ACDBEs
 - Good Faith Effort
 - Any combination of the above
- DSBO monitors the participation in numerous ways over the life of the contract

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Good Faith Efforts

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- Federal regulations specify that GFEs are a legitimate way to meet an opportunity specific goal. Per 49 C.F.R. §23.25(e)(1)(iii):

“To be eligible to be awarded the concession, competitors must make good faith efforts to meet this goal. A competitor may do so either by obtaining enough ACDBE participation to meet the goal or by documenting that it made sufficient good faith efforts to do so.”

- Proposers must work with DSBO during the GFE process
- Efforts must be documented and be supported by appropriate back-up which verifies efforts (contacts, conversations, negotiations, advertising, etc.)
- Opportunity specific with each situation being quite distinct from any other
- Must be reviewed by DSBO and may be found responsive or non-responsive
- Never encouraged and only to be used after all other options have failed or are found to not be plausible

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PVC and ACDBE @ DEN

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Any questions at this point?

Metrix Amendment Description

- Amendment adds scope of work
 - Customer service training program
 - a PVC Rule requirement and concession partner request
 - Jeppesen Terminal operator secret shopping
 - Retail Merchandising Units' (RMU) operator(s) secret shopping
 - Other tasks as assigned by Airport

DSBO Goals

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- No goals were assigned to original contract
 - Metrix Advisors is certified M/WBE, SBE, DBE, and ACDBE
- No goals assigned for a professional services amendment

Contract Terms and Amount

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- Contract and Amendment Term
 - The original contract's five year term will remain unchanged
- Contract Amount
 - Original not-to-exceed was \$1.727 million
 - Amendment adds a not-to-exceed of \$913,000
 - Total new not-to-exceed of \$2.64 million
- PVC funding
 - Paid from concessionaire-funded Joint Marketing Fund

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