

ORDINANCE/RESOLUTION REQUEST

**All fields must be completed.*
Incomplete request forms will be returned to sender which may cause a delay in processing.*

Date of Request: 7/29/2014

Please mark one: Bill Request or Resolution Request

1. Has your agency submitted this request in the last 12 months?

Yes No

If yes, please explain:

2. **Title:** (Include a concise, one sentence description – please include name of company or contractor and contract control number - that clearly indicates the type of request: grant acceptance, contract execution, amendment, municipal code change, supplemental request, etc.)

Denver Duty Free, JV - PLANE 201415388-00 – is the concessionaire selected to develop, operate, and manage the new Tax & Duty Free/Duty Paid locations in Concourse A Center Core and in Concourse B, Mezzanine Level East-side, along with a specialty retail location in Concourse C Center Core.

3. **Requesting Agency:** Department of Aviation

4. **Contact Person:** (With actual knowledge of proposed ordinance/resolution.)

- **Name:** Amy Raaz
- **Phone:** (303) 342-2201
- **Email:** Amy.Raaz@flydenver.com

5. **Contact Person:** (With actual knowledge of proposed ordinance/resolution who will present the item at Mayor Council and who will be available for first and second reading, if necessary.)

- **Name:** Neil Maxfield, Acting Director of Concessions
- **Phone:** (303) 342-2574
- **Email:** Neil.Maxfield@flydenver.com

6. **General description of proposed ordinance including contract scope of work if applicable:**

Denver Duty Free JV will develop, operate, and manage the new Duty Free/Duty Paid locations in Concourses A & B, and the specialty retail location in Concourse C Center Core (NE Quadrant). The concessionaire will offer for sale to international and domestic passengers in the Dufry Shops – Tax & Duty Free in Concourses A & B a wide variety of luxury items including perfumes, cosmetics, branded fashion accessories from Fossil, Guess, Swarovski, Michael Kors, and Luxottica in addition to chocolates & confections, Spirits, and tobacco. Domestic passengers may purchase all goods except for Spirits, tobacco and some high-end perfumes, which are available only to international travelers. The specialty retail store on Concourse C, Mile High Glamour, will specialize in the sale of perfumes, cosmetics, and fashion accessories, including Kiehl's and Urban Decay brand products.

****Please complete the following fields:** (Incomplete fields may result in a delay in processing. If a field is not applicable, please enter N/A for that field.)

- a. **Contract Control Number:** PLANE-201415388-00
- b. **Duration:** DOE to last day of the month + 7 years from the Required Opening Date
- c. **Location:** DIA
- d. **Affected Council District:** 11
- e. **Benefits:** Will provide new, expanded Tax & Duty Free/Duty Paid and specialty retail services to international and domestic travelers at Denver International Airport
- f. **Costs: Total Minimum Investments:** \$459 per square foot
Tax & Duty Free/Duty Paid Locations (A & B): \$2,131,641.90 - (4,644.1 sq. ft.)
Specialty Retail location (C): \$638,239.50 – (1,390.5 sq. ft.)
Initial Minimum Monthly Guarantee (MMG): ACON: \$51,611.46; BCON: \$51,890.05; CCON: \$13,297.93
Percentage Compensation: Tax & Duty Free/Duty Paid (A & B Concourses): \$0.00 to \$1,499,999 = 20%;
\$1,500,000 to \$2,999,999 = 22%; \$3,000,000 and Over = 25%

To be completed by Mayor's Legislative Team:

SIRE Tracking Number: _____

Date: _____

Specialty Retail (CCON): \$0.00 to \$999,999 = 12%;
 \$1,000,000 to \$1,999,999 = 14%; \$2,000,000 and Over = 16%

Total Performance Surety: \$700,796.04

<i>Current Contract Amount (A)</i>	<i>Additional Funds (B)</i>	<i>Total ,Contract Amount (A+B)</i>
\$116,799.34 Monthly	N/A	\$116,799.34 Monthly

<i>Current Contract Term</i>	<i>Added Time</i>	<i>New Ending Date</i>
DOE to last day of the month + 7 years from the Required Opening Date	N/A	DOE to last day of the month + 7 years from the Required Opening Date

g. Date Goals Assigned: August 29, 2013

h. Goals: 33%

Odd Tale Books, LLC – 23% ACDBE Participation
Wystone’s World Tea Holdings – 10% ACDBE Participation

7. Is there any controversy surrounding this ordinance? (Groups or individuals who may have concerns about it?) Please explain.

None

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Date: _____

Key Contract Terms

Vendor/Contractor Name: Denver Duty Free, JV d/b/a Dufry Shops – Tax & Duty Free (A & B Concourses), and Mile High Glamour (C Concourse)

Contract control number: PLANE-201415388-00

City's contract manager: Neil Maxfield

Was this contractor selected by competitive process? Yes (RFP). Was it the low bid? This is a revenue contract.

Term/Duration of contract/project: Original term is from DOE to last day of the month + 7 years from the Required Opening Date of the business.

Renewal terms: N/A

Purpose: To offer for sale to international and domestic passengers in Concourses A and B a wide variety of Tax & Duty Free/Duty Paid luxury items including perfumes, cosmetics, branded fashion accessories, chocolate, confections, Spirits, and tobacco. Domestic passengers may purchase all good except for Spirits, tobacco, and some high-end perfumes, which are available for purchase only by international travelers. In the Concourse C specialty retail location, luxury items to be offered for sale include perfumes, cosmetics and fashion accessories, including branded products from Kiehl's and Urban Decay.

Scope of services to be provided with performance bench marks:

Cost/value: Total Minimum Capital Investment (includes all three locations): (\$459 psf x 6,034.6 sq. ft.) = \$2,769,898 - (to be amortized over the seven-year term of the Agreement).

Source of funds: Revenue

Benefit:

- Increased revenue to the Airport: MAG: ACON: \$619,377.55; BCON: \$622,680.55; CCON: \$159,574.00 for a Total MAG of \$1,401,592.10

Termination provision for City and for contractor: Defaults of the Agreement (City) + Section 4.02-B of Agreement – Failure to deliver concession space within 6 months after Target Possession Date. For Contractor, Section 4.02-C of Agreement (if City fails to deliver concession space within 9 months after the Target Possession Date, then Concessionaire may notify City in writing of Concessionaire's intent to terminate the Agreement 60 days after City receives written notice unless City delivers possession of the Concession Space within that 60-day period.)

WBE/MBE/DBE commitments (construction, design, Airport concession contracts):

Who are the subcontractors to this contract?

Location: Concourse A Center Core (NW Quadrant); Concourse B Mezzanine – Center Core East side; Concourse C Center Core (NE Quadrant)

Affected Council District: 11

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