Item Number: 7a_Exhibit G
Date of Meeting: 12/13/2011

Practice Area	Possible "Best" Practice	Sample Reference/Airports
Concessions Program Policy	Many airports develop concessions "master plans" which may articulate overall vision and goals for a concessions program. Only a couple of airports have a clearly articulated policy or practice document that outlines guidelines for how a concessions program is managed. Such documents could include guidelines for selection of concessionaires, standard lease terms, concept and operational requirements.	2010 ACI Benchmarking Study (60 airports participating). DIA Concessions Policy, DFW Concessions Policy, Nashville Concessions Master Plan
Operator Mix	Diversity of operators generates higher spends per enplanement and overall greater quality in concessions design. Airports with a diversity of operators perform better than those with single prime concessionaires or master concessionaires. A large majority of airports have contracts with competing prime concessionaires, and they also have multiple competing operators located in the same concourses/terminals.	Airport Revenue News Annual Rankings, 2010 ACI Benchmarking Study
Leasing Methods	Airports use a combination of leasing methods to address the broad variations in specific business sectors. Requests for Proposals (RFP) are the predominant method of leasing concession units. However, this method is combined with Requests for Qualifications (RFQ), direct negotiation, invitations to bid, direct negotiation by third party and letters of interest. The ability to adapt the method of solicitation to the specific type of business enables an airport to create a more level playing field for a variety of operators.	2010 ACI Benchmarking Study, Airport Revenue News
Unit Packaging of RFPs	The trend among most airports is to offer concessions for competitive proposals in varying sized packages, often with both small and large packages available for proposers. Packaging concession units in smaller RFP packages (1-5 units) encourages prime concessionaires to work harder on	San Francisco (T2) RFP materials, Denver RFP materials, LAX RFP materials, ATL RFP materials,

	their proposals in order to win enough units to support economy of scale goals. At the same time, smaller, local players are more likely to bid against the traditional primes for these packages. Smaller packages (1-3 units) are within reach of many ACDBE/small business bidders due to lower initial investment costs. Packaging in smaller numbers also seems to lead to fewer protests from unsuccessful proposers than in cases where a large number of units were at stake. Smaller contracts, however, lead to increased management demands on airports. It is critical that an airport understands the revenue potential of each location and package strategically in order to assure adequate interest from proposers.	Airport Revenue News
Concept Branding	There is a very strong trend among all sizes of airports to incorporate local, branded food and retail concepts into concession programs. Industry-wide, about 50% of airport food & beverage concepts could be classified as "local/regional brands." Some airports have moved to a clearly articulated preference for local concepts. Non-branded, local-imitation concepts are strongly discouraged and make up a shrinking (25%) percentage of concepts. Industry experts advocate for a balance of local and nationally-recognized concepts, depending upon the passenger make-up (O&D or hub) of an airport.	2010 ACI Benchmarking Study, Airport Revenue News
Ownership Concentration	In an effort to encourage greater diversity of operators, airports are limiting concentration of ownership in concession programs. This is done in a variety of ways: 1) limit square footage within a business segment, 2) limit the number of contracts one concessionaire can have at the same time, 3) cap on number of units, 4) limit the number or percentage of packages one concessionaire can bid on and/or win.	San Francisco RFP materials, ATL RFP materials, DIA concessions policy, DFW concessions policy, SAN RFP documents

Small Business/ACDBE Participation	ACDBE participation goals vary widely between airports. Among large airports, goals range between 15 and 40%. Some airports devote significant resources toward increasing ACDBE participation. Most airports place responsibility for ACDBE participation on prime concessionaires as part of the RFP process. Larger packages/contracts encourage subtenant leasing to ACDBEs, while smaller encourage joint venture and other arrangements.	Comparative data on concession program goals supplied FAA Civil Rights.
Worker Retention/Labor Harmony	Recently, some airports have adopted labor harmony and/or worker retention requirements. Airports in states with strong labor presence are more likely to have requirements for transitions from large prime or master operators to new prime operators or smaller businesses. While these practices can facilitate retention of workers, they can also affect participation by small business, local operators and/or ACDBE operators.	Survey completed by ACI-NA, March 2011. RFP documents from ATL, PHX, OAK, SAN, LAX, SFO, SMF, DFW, PDX, MIL.
Pricing	Most airports have adopted either a strict 'street pricing' or 'street pricing plus 10% practice. Enforcement of such a policy places pressure on concessionaires' margins, but consistent evidence suggests that street or street-approximate pricing does boost sales. Conversely, airports with less regulated pricing may see increases in enplanements without growth in sales per enplanement.	Survey completed by ACI-NA, January 2011 (45 airports participated).
Term	The most common length of a food & beverage contract is 10 years. The most common length for specialty retail is 5-7 years. It is important that airports understand the cost per square foot implications of design criteria and construction requirements to assure that typical lease length will allow adequate time to amortize investments.	Survey completed by ACI-NA, March 2011.
Rent Structures	Most airports are compensated by a combination of minimum annual guarantee (MAG) and percentage rent (percentage of gross sales). Many	Survey completed by ACI-NA,

	airports are encouraging 'tiered' or 'stepped' rent structures that increase rent to the airport as sales increase. Conversely, concessionaires are buffered to some degree from business risk when airline business wanes or carriers merge.	April 2011.
Marketing Programs	Shopping malls have long utilized joint marketing programs, and this practice has been adopted in airports as well. Among the 20 largest North American airports, nearly all have joint marketing programs that are funded by concessionaires. The typical funding mechanism is a percentage, varying between .25%-1% of gross sales, with a small number charging a per square foot fee or other flat fee. Marketing programs are typically managed by in-house marketing teams, contracted marketing firms, or a combination of both.	Survey completed by ACI-NA, November 2010 (more than 20 airports participated).
Monitoring Programs	Among most North American airports, regular operational/performance audits are a part of good concessions management. The most common types of audits are facility inspections, mystery shopper programs and periodic price controls. These types of programs benefit airports because small operators may not have quality assurance programs (such as mystery shoppers) and many large operators will not share results of their own monitoring programs.	2010 ACI Benchmarking Study
Environmental Programs	Most airports have adopted some form of requirements for materials used in concessions unit design and construction, including environmentally-friendly surface materials and paints, as well as low consumption lighting, etc. Adoption of back-of-house recycling and composting programs is gaining traction nationwide. Only a few airports have begun offering passengers the option of composting or recycling waste products.	ACI-NA Benchmarking Study, ARN