

# Memorandum



CITY OF DALLAS

DATE September 16, 2022

TO Honorable Mayor and Members of the City Council

SUBJECT **Upcoming Agenda Item Number 4, Authorize an Amendment to a Concessions Contract**

The September 14, 2022 City Council agenda includes an item for your consideration to authorize (1) the second amendment to the concessions contract with Puente Enterprises, Inc. exercise both one-year renewal terms provided for in the concession contract for the space formerly branded as Sky Canyon and (2) add two one-year extension terms to the concession contract.

Since March, 2020 the concessions program was challenged due to the impact of travel as it related to COVID-19. As a result of this impact, all concessionaires at Dallas Love Field (DAL) have been granted relief from their contractual requirements including, but not limited to:

- Limited hours of operation were accepted due to extremely low enplanements
- Suspended Minimum Annual Guarantee (MAG's) due to operating cost outweighing extremely low revenue
- MAGs were also reset to the first-year levels

The former Sky Canyon branded Food and Beverage location was originally opened and operated by Puente Enterprises, Inc. in April 2013, and in March of 2020 closed along with several other locations because of the pandemic. Puente Enterprises, Inc. did not re-open during the two (2) year COVID-19 season, which caused them to be in default. Staff has been engaged with Puente Enterprises on a plan to re-open the location including their proposal to assign the contract to another operator. Staff conducted due diligence with the prospective assignee to ensure they comply with all necessary experience and financial requirements of the original contract with Puente Enterprises.

Puente Enterprises is no longer in default of the contract as the location has begun operating under the brand name First Quarter Bar & Grill under CBC SSP America DAL, LLC via a subcontract, and Puente Enterprises, Inc. has since entered a repayment plan for past due amounts owed to the City for rent due prior to the pandemic. Staff has received and reviewed the Asset Purchase Agreement, for the transfer of ownership after this action, and has no objection. CBC SSP America DAL, LLC is a 51% minority DBE joint venture and after the assignment the overall Airport Concession Disadvantaged Business Enterprise percentage at DAL will be an estimated 40.95%.

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In April of 2022, the City Council approved granting the two one-year options and a two-year extension to the other food and beverage concessionaires; only Puente Enterprises Inc. remaining under the original contract term. After authorization by City Council, the options and extension will not be executed by the City Manager until after the Asset Purchase Agreement is executed and approved.

Please feel free to reach out to me or Mark Duebner, Director of Aviation, should you have any questions or need additional information.



Kimberly Bizer Tolbert  
Deputy City Manager

c: Chris Caso, City Attorney  
Mark Swann, City Auditor  
Biliera Johnson, City Secretary  
Preston Robinson, Administrative Judge  
Jon Fortune, Deputy City Manager  
Majed A. Al-Ghafry, Assistant City Manager

M. Elizabeth (Liz) Cedillo-Pereira, Assistant City Manager  
Robert Perez, Assistant City Manager  
Carl Simpson, Assistant City Manager  
Jack Ireland, Chief Financial Officer  
Genesis D. Gavino, Chief of Staff to the City Manager  
Directors and Assistant Directors