

Memorandum



CITY OF DALLAS

DATE September 17, 2021

TO Honorable Mayor and Members of the City Council

SUBJECT **Upcoming Agenda Items #5-11, September 22, 2021 City Council Agenda –
Department of Aviation**

The aviation industry has been significantly impacted by the COVID-19 pandemic. In 2020, Dallas Love Field saw dramatic reductions in weekly traffic with average daily enplanements of 23,040 plummeting to 1,171 in April 2020. The reduction in traffic impacted our concession partners just as significantly.

For example, for the twelve-month period ending February 29, 2020, total concession sales for food, beverage and retail totaled \$95,288,637, or an average daily sales total of **\$261,065** per day. April 2020 concessions sales for the month were \$436,956 or a daily sales average of **\$14,565**. Eight months later (December 2020), the decline was 56% less than December 2019. Thankfully in 2021, the climb back continues as enplanements are about 90% of 2019 numbers, with sales approaching 70+% of its pre-pandemic numbers.

Throughout the pandemic, concessionaires have strived to provide services to passengers and airport employees despite various obstacles including capacity restrictions, staffing shortages, and unexpected expenses to implement necessary but costly safety measures including plexiglass counter dividers and seating separations, masks, face shields, sanitizing stations, and signage.

As passenger levels increase, the concessions program at Dallas Love Field continues to face numerous challenges which they have struggled to address, namely staffing and supply-chain issues:

- **Staffing:** Attempts to bring back many of the employees furloughed during the height of the pandemic due to decreased passenger traffic have been unsuccessful. Concessionaires have utilized every available social media and staffing platform, held weekly virtual job fairs, increased the minimum hourly rate, and offered hiring/retention bonuses, with only marginal success. Further, rising COVID-19 cases among concessions employees have further depleted their already diminished staffing levels. Currently, concessions staffing for all positions is approximately 45%-55% of pre-pandemic levels. Turnover remains high, which adds to the burden of replacing existing staff and trying to hire new personnel.
- **Supply-chain:** Food prices have also increased significantly for all commodity groups, from 30% to 50% for all food categories as well as packaging, cups, lids and paper products. Product shortages, from farm to terminal, have driven prices significantly higher. Meat processing plants, farms, warehouses and distribution centers have significant staffing issues as well as a lack of available truck drivers and fuel costs contribute upward cost pressures.

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In light of these continued challenges and the volatility of sustained recovery amidst new COVID variants, the Department of Aviation is recommending (1) exercising remaining one-year renewal options and (2) additional two-year extensions of existing contract terms to allow our concessions partners to recover economically from this pandemic period. The recommendations are detailed on your September 22, 2021, City Council Agenda for consideration via seven (7) agenda items:

- Item #5: Lamar Airport Advertising Company
- Item #6: HG Multiplex Regali Dallas JV dba Dunkin Donuts, Jason's Deli, TexPress Gourmet, and Baskin Robbins
- Item #7: Air Star Concessions LTD dba Whataburger, Campisi's and Cantina Laredo
- Item #8: Dickey's Barbecue Restaurants, Inc.
- Item #9: HG Multiplex Regali Dallas JV Retail
- Item #10: Hudson Retail Dallas JV
- Item #11: The Grove, Inc. dba Moe's Southwest Frill and Manchu Wok

If you have any questions, please contact Mark Duebner, Director of the Department of Aviation, at 214-670-6077 or mark.duebner@dallascityhall.com.



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