

PLTR—SSP@KCI, LLC

Paradies Lagardere and SSP America

2849 Paces Ferry Road | Overlook I, Suite 400 | Atlanta, GA 30339

September 24, 2021

The Honorable Quinton Lucas

Mayor of Kansas City, Missouri
414 East 12th Street,
29th Floor, City Hall
Kansas City, Missouri 65106
Quinton.Lucas@kcmo.org

**SENT VIA ELECTRONIC MAIL &
VIA HAND DELIVERY**

Re: Ordinance No. 210827; Public Testimony for Council Committee

Dear Mayor Lucas:

Members of the PLTR-SSP@KCI, LLC (“PLTR-SSP”) team attended the Transportation, Infrastructure, and Operations Committee public meeting on September 22, 2021, to observe the proceedings and even comment on Kansas City International Airport’s decision to award the KCI Concession Agreement to Vantage Airport Group (US) Ltd (“Vantage”). While we weren’t permitted to comment, the public meeting did spark serious concerns about the procurement process and its fairness, the validity of Vantage’s proposal claims, the quality of its proposal, and the fact that Vantage is being allowed to submit and re-submit an “evolving proposal” where its brands, subtenants, partners, and financial offers are always changing.

In addition to the concerns we previously outlined in our September 21, 2021 correspondence, our additional concerns are listed below:

Fairness and Violation of RFP Section 34 – Communicating with Airport Staff and City Officials

Throughout the RFP process, it was very clear to us based on the RFP and industry standard practice that any contact with a city official (even the city attorney to raise legal concerns), except for participation in a public meeting or formal Offeror meeting, is prohibited and may result in the disqualification of the proposer at the city’s sole discretion. Section 34.2 of the RFP expressly provides “no Offeror or representative thereof shall have any ex parte communications regarding this Solicitation...” This is a clear and express prohibition. Section 34.3 expressly provides that “Any Offeror that engages in communications determined to be prohibited or improper may be disqualified at the sole discretion of the City.”

Further, Assistant Director of Properties and Commercial Development, Pete Fullerton, reiterated this prohibition in his August 11, 2021, correspondence to offerors when he announced that the Airport was negotiating with a selected Offeror (Vantage). In addition, at the TIO public meeting on September 22, 2021, Councilwoman Katheryn Shields said that she had spoken with Vantage regarding labor agreements. We also understand that councilmembers may be negotiating directly with Vantage to

include specific brands into the agreement prior to council approval. And, if Councilmembers discussed the removal of Chick Fil A with Vantage, that would also be a clear procurement violation.

The premise of Section 34 of the RFP is to promote a fair and competitive solicitation process. An unequal application of this rule or varying degrees of direction to offerors at various times is a very unfair process. It appears this has been the case given that the selected offeror has been free to communicate with city officials without advising the other offerors that the city was allowing such communications without apparent repercussions. ***Has Vantage been disqualified for its communications with city council members?***

Comparison Matrix, and a Request to be Heard

It was made clear during the public meeting that all voting city officials were only presented with the details of Vantage's proposal – one that has been allowed to be changed after its submission and after input and questions from various city stakeholders. The details relating to the other offerors' proposals are unknown to these city officials. Rightfully and prudently, a comparison matrix was requested for review prior to any formal award. This matrix was requested last week during a city council Business Session. Why would the staff not have a matrix readily available? Did the staff not prepare a matrix for the selection committee? Did the staff not prepare a matrix as the selection committee shifted through the 5 proposals to rank the proposals and determine the best proposal? Any current matrix provided should distinguish between the Vantage proposal as originally submitted and the modifications that have been made to improve its proposal in comparison to the other offerors. Either way, we are concerned that the construction of this matrix will not tell the real story of each offeror and its proposal, ***Therefore, we respectfully request a copy of this matrix in advance and an opportunity to speak to the city officials prior to award.*** This way, we can take 20 minutes or so to present the merits of our proposal – with a keen eye on a real “apples to apples” comparison of the rent to be paid to KCI, who our brands are, where the brands will be situated in the Airport, who will operate each brand, and who our ACDBE partners are. This will also allow city officials to ask us questions, which we welcome. We can also tell you the real story at Chicago Midway. If the City is concerned about maintaining proprietary information of other offerors, the City can ask the offerors if they are willing to have the contents of their proposals disclosed and then disclose. Our team is certainly willing to disclose and authorizes the City to disclose the full contents of our proposal to the city council and to the public.

Reference Checks

The Director of Aviation, Patrick Klein, shared during the meeting that Southwest Airlines completed the reference and background check for Vantage. Why didn't a member of the KCI procurement team check references? Why were the references for the other offerors not checked? How can the experience of offerors be scored without checking the references of all offerors? Failure to check references of the other offeror is a red flag that they were not under any serious consideration. It is important to note that a diligent reference check would have revealed that Vantage inappropriately took credit for the Chicago Midway concession program, when in reality Vantage is only a service provider that reports to the true architects and owners of the program, SSP and its retail partner. Thorough reference checks would have also revealed that Vantage inappropriately took credit for Chicago Midways' 56% ACDBE

participation. That credit is not Vantage's to claim, it is SSP's and its retail partner's ACDBE partners that make up the 56%.

Labor

At the council committee meeting Vantage again stated they are still in negotiations for an agreement with UNITE Here. Vantage also stated that it would require its subtenants to enter into a collective bargaining agreement ("CBA"). However, the reality is that only 2 of Vantage's large subtenants (OHM and Marshall Retail Group) will be required to enter into a CBA because the other 12 of them will have fewer than 15 employees (and thus not required to enter into a CBA). ALL of the PLTR-SSP's employees will be unionized. As you know, we have an executed agreement with Unite Here.

Kansas City Chiefs

SSP has signed an exclusive agreement with the Kansas City Chiefs. The Chiefs are the most followed NFL team. The Chiefs are the most watched NFL Team. Clearly the Chiefs are the most powerful brand in Kansas City. It's difficult to understand why this was discounted in favor of what Vantage proposed.

Subleases

The Committee members posed questions to Vantage about its relationships with its subtenants. Developer contracts are notoriously rife with fees, and while larger subtenants may be familiar with these fees, smaller, local firms won't be familiar. Based on the experience of your selection committee, it is very likely that they have no reason to be familiar with these fees. Who on the selection committee has extensive experience with the developer model? These fees can make it very difficult, if not impossible, for a small operator to run a financially viable business. Has KCI seen and approved the subleases and terms sheets for all subtenants? For example, what share of the \$1.75 per enplanement MAG are the subtenants taking on and what blended % rent are they are committing to? What other terms are buried in these subleases?

No Reason for Immediate Rush

Why the rush to approve and enter this contract? We understand the clock is ticking to complete the airport on time, but you have time to be sure to get this most visible component to the traveler right. You have one chance to get this right, so take the time you have to be sure the city council gets this right. Our team and surely the other offerors can bring the City a completed concession package on time with a signed contract in December 2021 or January 2022. Take these next two to three months to get this right for the citizens of Kansas City. If done correctly the concessions will generate nearly \$2 billion in gross sales over 15 years or nearly \$65 million in sales tax revenues to the City. If done poorly, gross sales may not approach one-quarter billion in 15 years and that is a loss of nearly \$57 million to the City coffers, not to mention the lost revenues to the Aviation Department.

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Thank you for your consideration of these important matters. We hope you will accommodate our request to speak at your next committee meeting and provide our public testimony as you did for Vantage and it's team members and at least one of the other offerors at the last committee meeting.

Sincerely,

A handwritten signature in black ink, appearing to read "Pat Murray". The signature is stylized and somewhat cursive.

Pat Murray
PLTR-SSP@KCI, LLC

cc: Councilwoman Loar (Teresa.Loar@kcmo.org)
Councilman Fowler (Dan.Fowler@kcmo.org)
Councilman Bunch (Eric.Bunch@kcmo.org)
Councilwoman Shields (Katheryn.Shields@kcmo.org)
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