



June 24, 2020

The Honorable Nancy Pelosi
Speaker of the House of Representatives
United States Capitol
Washington, DC 20515

The Honorable Mitch McConnell
Majority Leader
United States Senate
Washington, DC 20510

The Honorable Chuck Schumer
Minority Leader
United States Senate
Washington, DC 20510

The Honorable Kevin McCarthy
House Minority Leader
U.S. House of Representatives
Washington, DC 20515

Dear Speaker Pelosi, Majority Leader McConnell, Senate Minority Leader Schumer and House Minority Leader McCarthy:

As you seek to build upon the critical programs and policies established by previous legislation to bolster the nation against the devastating impacts of the COVID-19 pandemic, we write to ask your support in ensuring that airport concessionaires receive not less than \$5 billion in targeted funding required for our industry to survive this national crisis. While the coronavirus has impacted all sectors of the global economy, it has had a disproportionate impact on industries associated with travel and particularly airport concessionaires who rely on airport passenger traffic. Consequently, the steep, rapid and drastic decline in airline travel has been devastating, forcing many operators early on to reduce staff, temporarily close their doors or consider shuttering their operations altogether.

Airport concessionaires are comprised of small, mid-sized, and large businesses that operate restaurants, retail stores, including duty free shops, car rental and parking operations. Many are small “Airport Concessions Disadvantaged Business Enterprises” (ACDBEs)—small women and minority-owned businesses who operate under the congressionally authorized program administered by the U.S. Department of Transportation to ensure diversity and small business inclusion in airport contracting and business opportunities.

In addition to air carriers and airport operators, airport concessionaires are the third major partner in the aviation ecosystem that serves air travelers and our nation's air transportation system and generates tremendous economic benefits for the national economy and local communities. Prior to the pandemic, airport car rental operations, retail and duty-free shops, restaurants and parking were generating more than \$50 billion annually in sales and employed approximately 320,000 workers in steady jobs that offered competitive salaries and benefits as well as opportunities for advancement. Revenue generated by airport concessions is critical to airport financing and operations. In the aggregate, airport concessionaires contribute nearly \$8 billion annually to airports in the form of rent, fees and other assessments--approximately 40 percent of total airport revenues—which support airport operations, maintenance, safety and security programs, and fuel airport development and growth. Through their contracts and agreements with airports, airport concessionaires deliver vital services and enhance the travel experience for the customers we, airlines and airports mutually serve—the traveling public.

Despite these vital contributions, airport concessionaires are the only partner in the airport/aviation ecosystem that did not receive targeted assistance through the CARES Act. The airport concessions business is very much a cash flow business that operates on slim margins, with high capital investment requirements uniquely dependent on airline passenger traffic. Within weeks of the onset of the pandemic, airline travel and consequently concessions sales plummeted by as much as 95%, depending on location. As the pandemic spread and air travel virtually ceased, more and more concessionaires were compelled to furlough valued employees, drastically reduce operations, and close some locations. Unlike other restaurants and retail operators, airport concessionaires cannot conduct business with the general public outside the airport environment, and thus have not been able to sustain any business through drive-thru or carry-out sales—they are totally captive to the number of air travelers at the airport. Most airline executives and industry experts do not expect passenger traffic and business revenues to return to pre-pandemic levels for some time—most projections are 18-36 months, or longer.

Furthermore, airport concessionaires have the additional burden of the continued obligation to make minimum guaranteed rent payments each month to the airport authorities where they are located. While some airports have granted temporary relief from these payments, many have not despite the fact they received \$10 billion in CARES Act grants to help make up for lost revenues, cover operating expenses and debt service on bonds. Temporary relief, such as deferring rent payments, won't be nearly enough to help concessionaires survive. While we appreciate the airports that are offering such deferrals, they do not address other airport concessionaire cost and expenses, the sales and revenues they are losing every day or the predicted timeline until air travel rebounds to at least 80 percent of pre-pandemic levels. Since these companies operate in a highly restricted and federally regulated airport environment, they will live or die based on government policies, travel restrictions, airline schedules and other factors over which they have no control—and whether the Congress appropriates targeted relief funding.

Finally, although the policy objectives of the Paycheck Protection Program (PPP) and the Main Street Lending Program are admirable, as a practical matter, these programs do not provide the benefits airport concessionaires need. Even with the extension of time to 24 weeks under the PPP Flexibility Act, air travel will not return to anywhere near normal fast enough to allow them to hire back many



employees or resume full operations. Nor will the funds be sufficient to help cover their high non-payroll expenses, such as rents, debt, inventory, vendor obligations, and capital investment needed to operate in the new COVID environment.

For these reasons, we urge Congress to provide our industry with support similar to that provided to our airport and airline partners. Airport concessionaires are urgently requesting no less than \$5 billion of targeted relief in a combination of grants and loans to help them weather the current climate, avoid bankruptcy, begin rehiring employees and resuming operations and prepare for a slow and long recovery. Their survival is critical not only for their businesses, but for the recovery of the airports and the air transportation industry.

Once again, thank you for your leadership on these important issues and your consideration of this request. We stand ready to be of assistance in any and all ways and look forward to working with you.

Sincerely,

Rob Wigington
Executive Director
Airport Restaurant and Retail Association

Anthony W. Barnes
Chief Operating Officer
Airport Minority Advisory Council

Christine Banning
President
National Parking Association

Sharon Faulkner
Executive Director
American Car Rental Association

Michael Payne
President and Chief Executive Officer
International Association of Airport Duty Free Stores