



Pinellas County

Legislation Details (With Text)

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Title: Ranking of firms and agreement with SSP-Hudson PIE Concessions, LLC for Airport Concessionaire Services (food, beverage, and retail) at the St. Pete-Clearwater International Airport.

Sponsors:

Indexes:

Code sections:

Attachments: 1. FE Concession Services Agreement with SSP-Hudson PIE Concessions LLC, 2. Master Concession Agreement Final (vendor signed), 3. Ranking Spreadsheet

Date	Ver.	Action By	Action	Result
5/7/2019	1	Board of County Commissioners	approved	Pass

Subject:

Ranking of firms and agreement with SSP-Hudson PIE Concessions, LLC for Airport Concessionaire Services (food, beverage, and retail) at the St. Pete-Clearwater International Airport.

Recommended Action:

Approval of the ranking and firms and Master Concessionaire agreement (Agreement) with SSP-Hudson PIE Concessions, LLC (SSP-Hudson) for airport concessionaire services (food, beverage, and retail) at the St. Pete-Clearwater International Airport (Airport).

- The Agreement for concessionaire services at the Airport includes an initial capital investment of \$4,190,452 for the refurbishment and development of retail, food and beverage facilities.
- The redevelopment process is estimated at seven months from notice to proceed.
- The Agreement shall be effective for a period of ten (10) years from the date of beneficial occupancy and contains provision for an additional five (5) year term extension.
- SSP-Hudson is proposing a minimum annual guarantee (MAG) of \$1,224,700.00 for Year 1 of Beneficial Occupancy and 90% of the actual compensation paid to Pinellas County or 103% of the MAG for the prior year, for Years 2-10, whichever is higher.

Contract no. 178-0481-P (RG); in an estimated minimum annual revenue of \$1,224,700.00. Authorize the Chairman to sign and the Clerk of the Court to attest.

Strategic Plan:

Deliver First Class Services to the Public and Our Customers

5.1 Maximize partner relationships and public outreach

5.2 Be responsible stewards of the public's resources

5.3 Ensure effective and efficient delivery of county services and support

5.4 Strive to exceed customer expectations.

Summary:

This Agreement provides for the expansion and operations of food, beverage and retail concessions at the Airport with the main objective of increasing revenues.

The Agreement includes an initial capital investment of \$4,190,452 for the refurbishment and development of retail, food and beverage facilities, some of which include renowned brands such as Dunkin', 3 Daughters Brewing, and Mazzaro's Italian Market. Airport operations will continue as normal during the redevelopment process which completion is estimated at seven (7) months from notice to proceed.

The Agreement shall be effective for a period of ten (10) years from the date of beneficial occupancy. This date is defined as one hundred twenty (120) days after the last to occur of (i) delivery of possession to concessionaire of all spaces comprising the Premises; (ii) approval of concessionaire's plans and (iii) issuance of all permits necessary to commence construction. The Agreement contains provision for one (1) five (5) year term extension beyond the primary contract period.

Compensation due from concessionaire and payable to County under this Agreement will be based on a minimum annual guarantee (MAG), percentage compensation for products gross revenues, and rent for office and storage space.

Background Information:

In 2017, the Airport exceeded 1 million enplaned passengers. This milestone created the opportunity to seek the services of a master concessionaire to develop all areas, provide the capital improvement needed for all of the concession space, and increase revenues to the Airport.

In order to generate as much interest and competition as possible, an informational briefing was held on April 20, 2018. The meeting was structured to help prospective firms understand what the competitive process would entail and to assist prime concessionaires to meet with local concessionaires to possibly form relationships and propose together. Over fifty one (51) representatives from various companies attended the meeting.

On September 11, 2018, the Purchasing Department on behalf of the Airport, released a Request for Proposal (RFP) for the above referenced services. The RFP yielded two submittals from Host IBC PIE FB, LLC and SSP-Hudson PIE Concessions. Both companies are large concessionaires that provide airport concession services all over the country.

The firms in order of ranking are attached.

Many medium and large airports have master (or prime) concession agreements that allow a single company to develop food, beverage, retail, duty-free, flight catering, and newsstand concessions. A single concessionaire is responsible for development of the space and refurbishment if necessary. Airports value this relationship, because there is a single point of contact and a single company responsible for all of the concession services. It is also easier for a larger company to assume the risk of operating in an airport rather than spreading that risk to smaller operators that may not be able to handle the peaks and valleys of airport passenger volume. Plus, master concessionaire companies have licenses with brands/concepts that airport customers will recognize.

As a result of the new Agreement, the Airport anticipates annual revenues will be increased by approximately \$584,648, reflecting a 91% increase when compared to those generated from PIE's

current concessionaires during FY 2018.

Fiscal Impact:

Minimum anticipated ten (10) year revenue not to exceed \$14,039,813

- Total 10-year revenue from Minimum Annual Guarantee not to exceed \$14,039,813
 - Year 1: \$1,224,700.00
 - Years 2 through 10: 103% of previous year's MAG or 90% of actual compensation paid to County from the year prior, whichever is higher
- Rent for office and storage space at \$20.00 per square foot per year, increases every five years per the Consumer Price Index.

Revenues will be deposited into the Airport Food and Beverage Concession Fund.

Staff Member Responsible:

Tom Jewsbury, Director, St. Pete-Clearwater International Airport

Joe Lauro, Director, Purchasing

Partners:

N/A

Attachments:

Master Concessionaire Agreement

Ranking Spreadsheet