



## CITY OF HOUSTON - CITY COUNCIL

Meeting Date:  
District B, District I  
Item Creation Date: 11/9/2021

HAS - COVID-19 Concessionaire and ACDBE Relief

Agenda Item#:

### **Summary:**

ORDINANCE approving and authorizing amendments to existing agreements between the City of Houston and **WDFG NORTH AMERICA, LLC, PARADIES- HOU 2014, LLC, PARADIES-IAH 2014, LLC, HOST INTERNATIONAL, INC., LATRELLES GALLEY, LP, SSP AMERICA TEXAS, INC., INTERNATIONAL SHOPPES SHEKINAH GROUP IAH, LLC, LENLYN LIMITED d/b/a ICE CURRENCY SERVICES USA, SMARTE CARTE, INC., EURONET USA, LLC, ALCLEAR, LLC** and **THE JOINT VENTURE FOR THE ADVERTISING CONCESSION AT HOUSTON AIRPORTS, LLC (JC DECAUX)** due to extended impacts of the COVID-19 Public Health Emergency for the Houston Airport System

### **Background:**

#### **RECOMMENDATION:**

Enact an ordinance approving and authorizing amendments to existing agreements between the City and airport concessionaires due to the extended impacts of the COVID-19 Public Health Emergency.

#### **SPECIFIC EXPLANATION:**

The City of Houston has recognized the severe impact of the COVID-19 pandemic on the airport concessionaire industry across the country and at George Bush Intercontinental Airport/Houston (IAH) and William P. Hobby Airport (HOU). In March 2020, the City enacted an ordinance to defer rent for the months of April, May and June 2020 and a blanket amendment providing a waiver of the Minimum Annual Guarantee (MAG) and a deferral of mid-term refurbishment requirements for the period of April 1, 2020 – December 31, 2021. While these measures have provided some relief to the concessionaires, the magnitude of the losses suffered continue to pose challenges to the small business and minority joint venture partners and subtenants attempting to make it through to a point in enplanement recovery that will sustain their business income stream. Therefore, the Houston Airport System (HAS) recommends a set of measures meant to allow for continued support of rent and revenue recovery of losses in 2020 and 2021. These relief measures provided to prime concessionaires must be passed on to their respective joint venture partners and subtenants.

The Director of the Houston Airport System recommends that City Council approve the following relief for airport concessionaires:

- Grant three-year term extensions to concessionaires with active agreements at IAH and HOU, listed below, to year 2028.
  - EXCEPTIONS:
    - \* All units identified in the current ITRP RFP at IAH.
    - \* iShoppes Duty Free has a different term; with the extension the term will expire in 2032.
- Apply approximately \$6.2 million in CRRSA and \$24.8 million in ARPA funds to operators as directed by the Federal Aviation Administration (FAA).
- Continue the current MAG waiver throughout the extended term of the agreements.
- Change Street Pricing Policy from Street +10% to Street +15%
  - \* Street Pricing is defined as "cost of product sold in comparable off-airport locations"
- Work with concessionaires to identify underperforming units for potential takeback and/or change of concept by existing or new operators.
- Retroactively apply the COVID-19 Concession Blanket Amendment offered in FY20 to any concessionaire that did not submit signed and fully executed agreements by the required deadline of April 30, 2020.
- Require all prime operators to perform deferred mid-term refurbishments no later than the end of 2022. HAS will work with concessionaires to determine the requirements related to mid-term investments and corresponding level of investment.
  - EXCEPTIONS:
    - \* All units identified in the current ITRP RFP at IAH

Upon approval by City Council, the Mayor shall be authorized to execute blanket amendments with the parties incorporating the provisions of such terms and bind the City without further authorization from City Council, provided each blanket amendment is approved as to form by the City Attorney or his designee prior to execution, and after ensuring adherence to the applicable term sheet.

List of Concessionaires at IAH and HOU affected by this Ordinance:

- WDFG North America, LLC – Retail
- Paradies-HOU 2014, LLC & Paradies-IAH 2014, LLC – Retail
- Host International, Inc. – Food and Beverage / Coffee
- LaTrelles Galley, LP – Coffee
- SSP America Texas, Inc. – Food and Beverage
- International Shoppes Shekinah Group IAH, LLC (iShoppes) - Duty Free
- Lenlyn Limited dba ICE Currency Services USA – Service
- Smarte Carte, Inc. - Service
- Euronet USA, LLC – Service (ATM)
- AIClear, LLC – Service (CLEAR)
- The Joint Venture for the Advertising Concession at Houston Airports, LLC – Advertising (JC DECAUX)

Financial Impact:

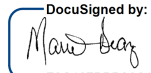
There is expected to be no negative financial impact; the additional support provided by HAS will be offset by the gain in revenue from the new Street +15% Pricing Policy.

**Fiscal Note:**

There is no impact to the fiscal budget or no additional spending authority. Therefore, no Fiscal Note is required as stated in the Financial Polices.

**Director's Signature:**

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CR

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Mario C. Diaz  
Houston Airport System

**Amount and Source of Funding:**

No funding required

**Contact Information:**

Todd Curry	281-233-1896
Charlene Reynolds	281-233-1682

**ATTACHMENTS:**

Description	Type
Caption	Other