



CITY OF HOUSTON - CITY COUNCIL

Meeting Date: 8/16/2022

ALL

Item Creation Date: 8/3/2022

T30019 (1of2) - Food and Beverage and Retail Concessions (Package #1 -SSP America IAH ITRP, LLC) - ORDINANCE

Agenda Item#: 55.

Background:

Request for Proposals received December 10, 2021 for T30019 – Approve an ordinance awarding a revenue contract to SSP America IAH ITRP, LLC to develop and operate food and beverage concessions at the George Bush Intercontinental Airport/Houston (IAH) Mickey Leland International Terminal (MLIT) and International Central Processor (ICP) for the Houston Airport System.

Specific Explanation:

The Director for the Houston Airport System and the Interim Chief Procurement Officer recommend that City Council approve an ordinance awarding a **ten (10) year revenue contract to SSP America IAH ITRP, LLC** to develop and operate food and beverage concessions at George Bush Intercontinental Airport/Houston (IAH) MLIT and ICP for the Houston Airport System.

The Request for Proposals (RFP) was advertised in accordance with the requirements of the State bid laws and as a result, proposals were received from Air Star Concessions Ltd., SSP America, and OTG Management. The Evaluation Committee consisted of members from the Houston Airport System, the Houston Finance Department, the Administration & Regulatory Affairs Department, and the General Services Department. The proposals were evaluated based on the following criteria:

1. Customer Service/Management and Operation Plans
2. Local Participation
3. Concept Development and Menu
4. Design, Material, and Sustainability
5. Background and Experience
6. Compensation to City
7. Transition Plan

Based on the information provided in the proposals and the evaluation criteria defined in the RFP document, the Evaluation Committee recommended SSP America IAH, ITRP, LLC for award.

The pertinent terms and conditions contained in the Agreement are as follows:

1. **Term:** The term will be 10 years and will commence upon substantial completion of ITRP construction obligations allowing full access to the facility. This will be a phased program with locations opening between 2023 and 2026.
2. **Scope of Service:** Concessionaire will develop and operate 16 Food & Beverage units for a Concession program at IAH that will provide a five-star experience with high-quality food and beverage products meeting the desires of the traveling public. Concessionaire will staff facilities with well-trained, friendly personnel and will maintain facilities at the highest standards.
3. **Financial Terms:** Concessionaire will pay the following percentage rent of gross revenues.

Category of Product Sold	Percentage Fee Rate
Food & Non-Alcoholic Beverages	16%
Alcoholic Beverages	18%
Merchandise	18%

4. **Capital Investment:** Initially the Concessionaire will expend a minimum of \$550.00 per square foot for build-out of the concession facilities and \$325.00 per square foot for build-out of food court seating areas. In year five (5) of the Term, the Concessionaire also agrees to expend a minimum of \$75.00 per square foot for upgrades, renovations, cosmetic improvements, and/or concept changes.

5. **ACDBE Goal:** The Office of Business Opportunity has established a 32% Airport Concession Disadvantaged Business Enterprise (ACDBE) participation goal. The Concessionaire submitted a participation plan of 67.2% and will be met through a combination of direct joint venture (JV) partnerships plus 100% subleasing to ACDBE operators, as detailed below.

- a. The ACDBE joint venture partners (joint venture with percent ownership) in SSP American IAH ITRP, LLC are as follows:
- i. Multiplex, Inc (6% JV partner)
 - ii. Charles Bush Consulting, LLC (7% JV partner)
 - iii. Creative Concourse Concessions, LLC (5% JV partner)
 - iv. KHG Consulting, LLC (5% JV partner)
 - v. Cediell Concessions Management (3% JV partner)
 - vi. Bergeron Management Services, LLC (4% JV partner)
 - vii. RAMA Enterprises, LLC (5% JV partner)
- b. The following ACDBE's will 100% operate the following number of units:
- i. Cediell Concession Management – 5 Units
 - ii. Latrelles Galley, LP – 4 Units

6. **Performance Security:** Concessionaire will provide a performance security in an amount equal to 50% of the first year's projected compensation to the City.

Pay or Play Program:

The proposed contract requires compliance with the City's 'Pay or Play' ordinance regarding health benefits for employees of City contractors. In this case, the contractors will provide health benefits to eligible employees in compliance with City policy.

Hire Houston First:

The proposed contract requires compliance with the City's 'Hire Houston First' (HHF) ordinance that promotes economic opportunity for Houston businesses and supports job creation. In this case SSP America IAH ITRP, LLC is not a designated HHF company, therefore the HHF preference was not applied to the contract award.

Fiscal Note:

Revenue for this item will be included in the FY2024 Adopted Budget. Therefore, no Fiscal Note is required as stated in the Financial Policies.

8/4/2022

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Jedediah Greenfield
 Interim Chief Procurement Officer

Department Approval Authority

DEPARTMENT	Estimated Revenue		
	FY 2023	OUT YEARS	TOTAL
Houston Airport System	\$0.00	\$75,578,723.00	\$75,578,723.00

Amount and Source of Funding:

REVENUE CONTRACT

HAS-Revenue Fund
 Fund 8001

Contact Information:

Contact Information:

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ATTACHMENTS:

Description

- T30019(1)- POP1 Form
- T30019(1)- POP2 Form
- T30019(1)- Cleared Tax Report
- T30019(1)- OIF

Type

- Backup Material
- Backup Material
- Backup Material
- Backup Material

T30019(1)- ACDBE
T30019(1)- OA
T30019(1)- Award Recommendation

Backup Material
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