



CITY OF HOUSTON - CITY COUNCIL

Meeting Date: 8/16/2022

ALL

Item Creation Date: 8/2/2022

T30019 (2of2) - Food and Beverage and Retail Concessions (Package #2 - Paradies Lagardere @ IAH 2021, LLC) - ORDINANCE

Agenda Item#: 56.

Background:

Request for Proposals received December 10, 2021 for T30019 – Approve an ordinance awarding a revenue contract to Paradies Lagardere @ IAH 2021, LLC to develop and operate retail 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 Paradies Lagardere @ IAH 2021, LLC** to develop and operate retail concessions at the 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 Hudson Group and Paradies Lagardere. 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. Concept Development
3. Design, Material, and Sustainability
4. Background and Experience
5. Compensation to City
6. Transition Plan

Based on the information provided in the proposals and the evaluation criteria defined in the RFP document, the Evaluation Committee recommended Paradies Lagardere @ IAH 2021, 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 10 Retail units for a Concession program at IAH that will provide a five-star experience with high-quality retail 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
Specialty Retail - News/Convenience	23%
Specialty Retail – Candy/Confectionary	15%
Specialty Retail – Jewelry, Accessories, Electronics, Apparel, Travel Essentials	14%
Specialty Retail – Regional, Toys	12%
Specialty Retail – Spa	5%

4. **Capital Investment:** Initially the Concessionaire will expend a minimum of \$350.00 per square foot for build-out of the concession facilities. 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 26% Airport Concession Disadvantaged Business Enterprise (ACDBE) participation goal. The Concessionaire submitted a participation plan of 35% and will be met through a combination of direct

joint venture (JV) partnerships, 100% subleasing to ACDBE operators, and supplier agreements for goods and services with ACDBE-certified firms, as detailed below.

- a. The ACDBE partners (joint venture with percent ownership) in Paradies Lagardere @ IAH 2021, LLC are as follows:
 - i. Law Office of Darryl B. Carter (20% JV partner)
 - ii. Ana Hernandez and Associates, PLLC (10% JV partner)
- b. The following ACDBE's will 100% operate the following number of units:
 - i. Cediell Concessions Management – 1 Unit
 - ii. Nap Bar, Inc. – 1 Unit
 - iii. TUMI Houston Airport, LLC and Prevost Consulting Group, LLC – 1 Unit
- c. The following ACDBE's will be a 50% participating supplier of goods:
 - i. IDM Hub, LLC – 1 Unit

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 Paradies Lagardere @ IAH 2021, LLC is not a designated HHF company, but they were the successful awardee without application of the HHF preference.

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

ESTIMATED REVENUE

DEPARTMENT	FY 2023	OUT YEARS	TOTAL
Houston Airport System	\$0.00	\$40,805,259.00	\$40,805,259.00

Amount and Source of Funding:

REVENUE CONTRACT

HAS-Revenue Fund
 Fund 8001

Contact Information:

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Todd Curry, Chief Municipal Affairs Officer	HAS	281-233-1896
Libby Hurley, Assistant Director	HAS	281-233-1606

ATTACHMENTS:

Description

T20010(2) Closed Tax Report

Type

Public Material

T30019(2) Cleared Tax Report
T30019(2)- OIF
T30019(2)- POP Forms 1,2,3
T30019(2)-Award Recommendation
T30019(2)- OBO Approved ACDBE Plan
T30019(2)- OA

Backup Material
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