



CITY OF HOUSTON - CITY COUNCIL

Meeting Date: 2/21/2023

ALL

Item Creation Date: 2/7/2023

T32496 - Food and Beverage Concessions - Package One for William P. Hobby Airport
(Areas HOU JV, LLC) -ORDINANCE

Agenda Item#: 47.

Summary:

Background:

Request for Proposals received November 1, 2022, for S36-T32496 - Approve an ordinance awarding a revenue contract to Areas HOU JV, LLC to provide and operate a food and beverage concession at William P. Hobby Airport (HOU) for the Houston Airport System.

Specific Explanation:

The Director of the Houston Airport System and the Chief Procurement Officer recommend that City Council approve an ordinance awarding a **ten (10) year revenue contract to Areas HOU JV, LLC** to provide and operate a food and beverage concession at William P. Hobby Airport (HOU) for the Houston Airport System.

The Concessionaire will develop and operate Food and Beverage units for the Concession Program at HOU that will establish the Houston Airport System as a five-star global air service gateway where the magic of flight is celebrated. The Concessionaire will provide five-star food and beverage services, showcasing Houston concepts, at reasonable prices to travelers and Airport users. The Concessionaire will ensure that facilities are fully staffed with well-trained personnel and facilities are operated and maintained at the highest standards.

The Request for Proposals (RFP) was advertised in accordance with the requirements of the State of Texas bid laws. As a result, proposals were received from seven (7) firms: 4 Families of Hobby, LLC, Air Star-LTS Marquis HOU, LLC, Areas HOU JV, LLC, HMS Host International, Inc., OTG Management HTX, LLC, Paradies Lagardere @ HOU 2022 (F&B), LLC, and SSP America. The Evaluation Committee (EC) consisted of City employees from the Administration and Regulatory Affairs Department, Houston Health Department, the Office of the Mayor, and Houston Airport System. The evaluation was based on the following criteria:

1. Customer Service/Management and Operations Plan
2. Local Participation
3. Concept Development and Menu
4. Design and Innovation
5. Background and Experience
6. Transition Plan
7. Compensation to the City

The EC's findings, based on the evaluation of proposals' responses to the Technical Competencies and the Compensation to the City, resulted in the following:

Areas HOU JV, LLC was deemed the most qualified as it received the highest overall score based on the evaluation criteria. Therefore, the EC is recommending Areas HOU JV, LLC for Package One. The original RFP comprised Package One and Package Two. Package Two was awarded to LaTrelle's Galley,LP as its preferred package. Package One was cancelled and re-procured resulting in this recommendation.

The Term of the Agreement shall commence on the effective date, and unless sooner terminated in accordance with Article XIV of the agreement, shall expire in ten (10) years.

The Concessionaire will deliver to the City on or before the Effective Date a surety bond in an amount equal to \$3,906,435.00 conditioned on the faithful performance of all terms, conditions, and covenants of the Agreement.

The following Percentage Fee Rate by category of product sold at the Facilities shall be applied to Gross Sales per month beginning on the Effective Date:

Category of Product	Percentage Fee Rate
Food and Non-Alcoholic Beverages	21%
Alcoholic Beverages	23%
Merchandise	23%

ACDBE Participation:

The RFP was advertised with a 30% goal for ACDBE participation. Areas HOU JV, LLC submitted a participation plan of 40% and has designated the below-named companies as its certified ACDBE prime concessionaire and subcontractors.

Name	Participation	Role	Percentage (%)
The Alliance Hospitality Group, LLC	Joint Venture Partner	Manage HOUF-09	10%
Multiplex, Inc.	Joint Venture Partner	Manage HOUf-5D and HOUF-06	10%
Creative Concourse Concessions, LLC	Joint Venture Partner	Manage HOUF-05C	10%
Cediel Concession Management	Joint Venture Partner	Manage HOUF-16 and HOUF-20B	10%

Pay or Play:

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 contractor provides 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 opportunity for Houston businesses and supports job creation. In this case Areas HOU JV, LLC does not meet the requirements for HHF designation; no HHF firms were within three percent.

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.

2/13/2023

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Jedediah Greenfield,
Chief Procurement Officer
Finance/Strategic Procurement Division

Mario Diaz
Director of the Houston Airport System

Estimated Revenue			
DEPARTMENT	FY2024	OUT YEARS	TOTAL
Houston Airport System	\$0.00	\$104,385,526.00	\$104,385,526.00

Amount and Source of Funding:

REVENUE CONTRACT

HAS-Revenue Fund
 Fund 8001

Contact Information:

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ATTACHMENTS:

Description

Type

Form B	Backup Material
City of Houston Ownership Form	Backup Material
Delinquent Clear Tax Report	Backup Material
Certificate of Insurance & Endorsements	Backup Material
Drug Forms	Backup Material
POP-1 Acknowledgement Form	Backup Material
POP-2 Certificate of Compliance	Backup Material
POP-3 Participating Subcontractors	Backup Material
Form 1295	Backup Material
Financial Proforma Exhibit X	Financial Information
ACDBE Participation Plan	Backup Material
Secretary of State	Backup Material
AM Best Rating	Backup Material
Contract #4600017601	Backup Material