

TO: Mayor via City Secretary

REQUEST FOR COUNCIL ACTION

SUBJECT: Concession and Purchase Agreement with Smarte Carte Inc. for Passenger Luggage Cart Services - George Bush Intercontinental Airport/Houston (IAH) and William P. Hobby Airport (HOU).		Category #	Page 1 of 2	Agenda Item #
FROM (Department or other point of origin): Houston Airport System (HAS)		Origination Date November 25, 2014		Agenda Date
DIRECTOR'S SIGNATURE: 		Council District affected: B, I		
For additional information contact: Kathy Elek <i>Kae</i> Phone: 281-233-1826 Ian Wadsworth <i>IW</i> 281-233-1682		Date and identification of prior authorizing Council action: N/A		
AMOUNT & SOURCE OF FUNDING: REVENUE: \$280,000 annually EXPENSE: FY 15 \$ 730,000 Out Years \$6,172,000 Total Funding \$6,902,000 HAS Revenue Fund (8001)		Prior appropriations: N/A		
RECOMMENDATION: (Summary) Enact an ordinance approving and authorizing a Concession and Purchase Agreement with Smarte Carte Inc. for Passenger Luggage Cart Services at George Bush Intercontinental Airport/Houston (IAH) and William P. Hobby Airport (HOU).				
SPECIFIC EXPLANATION: In August 2014, HAS issued a Request for Proposals (RFP) to provide Passenger Luggage Cart Services at George Bush Intercontinental Airport/Houston (IAH) and William P. Hobby Airport (HOU). The RFP required that luggage carts be rented to domestic passengers for a fee, a service which would be provided as a concession. Additionally, the RFP required that luggage carts be provided free of charge to international passengers arriving at the IAH Federal Inspection Services (FIS) and the future HOU FIS. This service would be purchased by HAS. The RFP was advertised extensively and sent directly to five companies providing luggage carts. Smarte Carte Inc. was the only respondent. A selection committee evaluated the proposal submitted based on the following criteria: Financial Projection & Fees to the City (25 points); Customer Service & Management Plan (25 points), Experience and Qualifications (20 points), Design Detail of Equipment & Quality of Improvements (15 points), Capital Investment Plan (15 Points), Financial Strength (pass/fail), and ACDBE participation (pass/fail). Based on the information provided in Smarte Carte's proposal and the evaluation criteria defined in the RFP document, the evaluation committee recommended Smarte Carte Inc. be awarded the Concession and Purchase Agreement for Passenger Luggage Cart Services. The pertinent terms and conditions of this agreement are as follows:				

REQUIRED AUTHORIZATION

Finance Department:	Other Authorization: 	Other Authorization:
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1. Scope of Service

Concessionaire will be responsible for the provision, operation, maintenance, and management of Luggage Carts and related equipment.

2. Financial Terms

In consideration of Concessionaire providing complimentary luggage carts in the FIS areas to arriving international passengers, the City will purchase these services at a cost of 32 cents per deplaned FIS international passenger, with a total cost not to exceed a maximum annual amount. The maximum annual amount will be \$1.3MM in the first contract year and will escalate 3% in each subsequent contract year.

The Concessionaire will pay HAS 25% of gross sales generated by luggage cart rentals to domestic passengers. The amount paid to the City during fiscal year 2014 was approximately \$280,000.

3. Capital Investment

Concessionaire estimates a capital investment of \$1,354,000.

4. ACDBE Goal

The Office of Business Opportunity has established the following Airport Concession Disadvantaged Business Enterprise (ACDBE) participation goals for this concession:

IAH – 25% HOU – 7%

Smarte Carte proposes to achieve the established goals through a labor subcontract with Chandler, Campbelle and Daschle, a certified ACDBE company with the City of Houston.

5. Term

The term will be five (5) years, with a 90 day termination for convenience option.

6. Performance Security

The Concessionaire will maintain a performance surety for the duration of the term.