

COUNCIL MEMORANDUM

Council Meeting Date: January 23, 2014



LEGISLATIVE ACTION ITEM

SPONSOR: Ashton J. Hayward, III, Mayor *ome for*

SUBJECT: Award of Contract – RFP #13-008 – Airport Food and Beverage Concessions Lease

RECOMMENDATION:

That City Council award RFP #13-008 to OHM Concession Group, the highest ranked, most responsive and responsible proposer and authorize the Mayor to execute the lease agreement for the food and beverage concessions at Pensacola International Airport.

AGENDA: X Regular Consent

Hearing Required: Public Quasi-Judicial No Hearing Required X

SUMMARY:

The City of Pensacola RFP #13-008 – Food and Beverage Concessions Lease – Pensacola International Airport was advertised beginning March 18, 2013. In addition to the local newspaper and local minority publications, the Airport's consultant, Mr. Richard Chinsammy, recommended advertising in several industry trade publications such as Airports Council International - North America (ACI-NA), Airport Minority Advisory Council (AMAC), Federal Aviation Administration (FAA), American Association of Airport Executives (AAAE) and Airport Revenue News (ARN).

The City of Pensacola Purchasing Department placed the RFP on the City's web site and e-mailed 16 parties who had expressed interest in receiving information about Food and Beverage opportunities at the Airport. A pre-proposal meeting was held on April 12, 2013.

The City Purchasing Department accepted questions until Friday, May 10, 2013. Answers to any questions received prior to the cutoff were answered in Addenda 1, 2, and 3. A bid opening was held on Wednesday, June 19, 2013 at 2:30 pm at Pensacola City Hall with the City receiving three (3) responsive and one (1) non-responsive proposals.

A five member Selection Committee was established comprised of Mr. Wes Payne, retail management office manager; Mr. Perry Hunter, restaurant manager; Mr. Bill Dagnall, financial institution business services manager; Mr. Brad Roberts, frequent traveler; and Mr. Greg Donovan, Airport Director. The members were asked to individually review each of the three responsive proposals. A public meeting was held on July 25, 2013 to give the Committee a chance to rank and short-list the proposals. At the public meeting the Committee decided to ask the top two proposers to provide information in an oral format to the Committee.

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The following oral presentations were given on August 21, 2013:

2:00 – 2:45 OHM Concession Group, St Louis, MO

3:15 – 4:00 Creative Food Group, New York, NY

At the conclusion of presentations, the Committee met in a public meeting to select the highest ranked, most responsive proposer. OHM Concession Group, LLC's proposed Minimum Annual Guarantee (MAG) was \$97,460.00 higher than the other firms which translates into an additional \$974,600.00 over the ten (10) year contract period. OHM Concession Group, LLC's minimum level of investment was \$96,625.00 higher than the other firms and their projected annual sales were \$900,000.00 higher than other proposals. The committee also took the following into consideration:

- Federal Aviation Administration (FAA) Part 23 specifically establishes that publically owned airports should make effort to award to minority owned, Airport Concession Disadvantaged Business Enterprises (ACDBE) when possible. OHM is ACDBE certified. Creative is applying for ACDBE certification in their home state of New York.
- Exhibit C of the Pro Forma details ten (10) years of employee salaries and wages. Creative proposes \$754,500.00 in year one (1) escalating to \$984,451.00 in year ten (10). OHM's salaries for the same period are \$929,250.00 in year one (1) to \$1,160,506.00 in year ten (10). OHM will be paying their employees and injecting payroll into the local community amounting to \$174,750.00 more each year starting year one (1) and \$176,055.00 in year ten (10) than Creative.
- Historically, food / beverage concessions at Pensacola International have accounted for only 1% of the airport revenue, the national average is 7%. The sales per enplaned passenger referenced by OHM in its business plan is \$4.81 and is significantly higher than Creative's \$3.85. The national benchmark is \$5.15.
- The Committee concluded that OHM Concession Group, LLC's proposed concepts better addressed the needs of Airport users.

At the conclusion of the public meeting, the Selection Committee, by a vote of four (4) to one (1), recommended awarding RFP #13-008 Food and Beverage Concessions at Pensacola International Airport to OHM Concession Group, LLC.

Ratification by City Council at the January 23, 2014 meeting is necessary in order to fully execute the lease agreement and allow sufficient time for the successful proponent to develop construction plans. The new food and beverage concession begins April 1, 2014.

PRIOR ACTION:

Item was discussed and motion to postpone award was passed 5 - 3 at the September 26, 2013 City Council meeting.

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FUNDING:

N/A

FINANCIAL IMPACT:

This concession will guarantee to the Airport a minimum of **\$397,460.00** in the first year of operation and a minimum level of investment of **\$1,809,750.00**. Actual percent of sales payable to the Airport will be calculated at ten percent (10%) of pre-security food and beverage sales, twelve percent (12%) of post-security food and beverage sales, and fourteen percent (14%) of alcohol sales at all locations. It is also estimated that over 100 jobs and 10 management/supervisory positions will be brought to the local economy.

STAFF CONTACT:

Colleen M. Castille, City Administrator; Greg Donovan, Airport Director

ATTACHMENTS:

- 1) Bid Tabulation
- 2) Lease Agreement
- 3) Business Plan Summary
- 4) Brand Layout
- 5) Consultant Summary Report
- 6) Scoring Tabulation Sheet
- 7) October 8, 2013 Letter from Airport Director

PRESENTATION:

Yes.