

Recommendation for Council Action

AUSTIN CITY COUNCIL
Regular Meeting: December 7, 2017 Item Number: **006**

Aviation

Authorize negotiation and execution of a concession agreement with Fara Coffee, LLC and its joint venturers (Fara) or one of the other qualified offerors to the Request for Proposals for Terminal Concessions (RFP-8100-ABIA-004), to lease, design, construct, operate, and maintain a food, beverage, and retail concession at Austin-Bergstrom International Airport for a term not to exceed ten years. (Note: This contract will be awarded in compliance with the Federal Aviation Administration's Airport Concessions Disadvantaged Business Enterprise (ACDBE) Program requirements (49 CFR Part 23) through the achievement of Good Faith Efforts with 3.08% ACDBE participation.)

Lead Department	Aviation
Fiscal Note	This item has no fiscal impact.
Purchasing Language	The Aviation Department issued a Request for Proposals (RFP) 8100-ABIA-004 for these concession agreements. The solicitation issued on April 14, 2017 and closed on July 14, 2017. Of the two responsive offers received for package F3, the recommended concessionaire submitted the best evaluated responsive offer. The recommended concessionaire submitted the sole responsive offer for package F7. A complete solicitation package, including a response list, is available for viewing on the Aviation Department's website, at http://austintexas.gov/department/you-leave-home.
For More Information	Francisco "Kiko"Garza, Aviation Division Manager, 512-530-7526
Council Committee, Boards and Commission Action	November 14, 2017 - Recommended by the Airport Advisory Commission on a 8-0-1-2 vote, with Commissioners John Walewski and Mike Rodriguez absent at this vote, Commissioner Vicky Sepulveda abstained from voting on this item.

Additional Backup Information:

In accordance with federal law, the Airport is self-sustaining, generating its own revenue to fund its operating costs and capital improvements. Accordingly, the Airport generates revenue from such sources as parking, rental cars, and retail and food and beverage concessions. The Airport supports the City of Austin's commitment to live music performances, local food venues, art, and Austin's keeping it weird vibe.

As the airport of choice for Central Texas, the Airport's passenger traffic continues to grow with over 13 million passengers to date in 2017, and both domestic and international passenger traffic expected to double in 20 years. The Airport experienced consistent passenger growth for 83 of the last 86 months, and continues to outperform passenger growth trends with 68 nonstop domestic and international destinations and 19 different air carriers serving our community.

To address air service demand and passenger growth, the Airport is investing approximately $830 million dollars toward its Capital Improvement Plan over the next 5 years. Currently, the Airport is undergoing a major terminal expansion project to add nine additional gates.

In anticipation of the Airport's nine gate terminal expansion, the Airport issued a Request for Proposals for Terminal Concessions Programs at the Barbara Jordan Terminal (RFP) for the design, construction, operation and maintenance of retail, and food and beverage concessions at the Airport in new locations in the nine gate expansion and in existing locations inside the terminal that are available due to lease expirations.

The RFP consisted of 15 packages including 4 retail packages, 8 food and beverage packages, 2 personal services packages, and 1 Duty Free package. The RFP focused on the Airport's desire to promote Austin and Central Texas by highlighting a strong business environment, regional products, and tourism opportunities. Offerors were evaluated on their ability to use these concepts and materials while demonstrating their ability to meet the following overall goals and objectives:

1. Economic Development

Goal: Optimize concession revenue generation.

Objectives:

- Create strong total financial return for the City;
- Create opportunities that encourage Airport Concessions Disadvantaged Business Enterprises;
- ("ACDBE") in all aspects of the Concession Program;
- Generate growing revenue to make the Airport as self-sustaining as possible;
- Convey a positive sense of Austin, Central Texas;
- Create a Concessions Program that is reflective of the diverse local and international community;

- Structure the Concession Program to produce a strong financial return for the operator while creating potential opportunities for small and local businesses.

2. Customer Satisfaction

Goals:

- An attractive and inviting environment for the traveling public;
- Create a positive travel experience;
- High-quality food, merchandise, and personal services;
- Healthy food options including, but not limited to, gluten free, vegan, dairy free, etc.;
- Ethnically diverse food offerings; and
- High level of customer service aligned with the Airport's customer service values.

Objectives:

- Provide quality Austin-style service and a variety of shopping and dining concepts and experiences to the traveling public;
- The participation of local companies and concepts while accommodating the growing domestic and international passenger community's interest for diverse local, national, and international brand offerings;
- Ensure that venue design showcases the spirit of Austin and architecturally blends/compliments the Terminal and its public spaces; and
- Provide aesthetically pleasing restaurant and store designs with high-quality, durable materials.

A total of 18 offerors responded to the RFP and 2 offerors were disqualified for failure to submit a response which met the minimum requirements for the applicable package.

Package F3 contains one location intended for a locally or nationally known brand gourmet coffee shop.

Fara, one of 2 offerors who submitted proposals in response to RFP Package F3 - National or Local Specialty Coffee, is the recommended Offeror for Package F3, having been awarded the highest number of points pursuant to the evaluation criteria set forth in Section 0600 of the RFP. Fara proposes to operate Fara Café at this location.

Package F7 contains one location on the mezzanine level for a full-service liquor bar offering a wide variety of beer, cocktails, and wine with a limited food menu of appetizer-style, small-plate food items, snacks, and made-to-go sandwiches.

Fara is the sole offeror to submit a proposal in response to RFP Package F7 - Bar (Pre-Security) and is the recommended Offeror for Package F7, having been awarded the highest number of points pursuant to the evaluation criteria set forth in Section 0600 of the RFP. Fara proposes to operate the Sky Bar.

Fara is locally owned and has been operating both Fara Café and Sky Bar at these locations since 2006.

This request allows for the development of an agreement with a qualified offeror that Council selects. If the City is unsuccessful in negotiating a satisfactory agreement with the selected offeror, negotiations will cease with that provider. Staff will return to Council so that Council may select another qualified offeror and authorize contract negotiations with this provider.

Airport concessions are subject to the Federal Airport Concession Disadvantaged Business Enterprise (ACDBE) regulations (49 CFR Part 23), and the federally approved City of Austin ACDBE plan. Fara will

comply with the Airport's ACDBE plan and meet the 11.06% ACDBE goal through Good Faith Efforts under that plan for on-airport concession.