



City of San Antonio

Agenda Memorandum

File Number:

Agenda Item Number: 14

Agenda Date: November 21, 2024

In Control: City Council A Session

DEPARTMENT: Aviation Department

DEPARTMENT HEAD: Jesus H. Saenz Jr.

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

Award of a Food and Beverage Concession Agreement and a Retail Concession Agreement at the San Antonio International Airport

SUMMARY:

This ordinance authorizes a Food and Beverage Concession Agreement with Host True Flavors SAT FB, LLC for nine concepts in 11,836 square feet and a Retail Concession Agreement with Paradies Lagardère @ SAT 2024, LLC for seven concepts and vending machines in 8,217 square feet in locations throughout Terminal A and Terminal B at the San Antonio International Airport. The Food and Beverage Concession Agreement with Host True Flavors SAT FB, LLC (Host True Flavors) has a minimum annual guarantee of \$2,004,452.00 for the first of the contract and \$24.8 million over the term of the contract, the Retail Concession Agreement with Paradies Lagardère @ SAT 2024, LLC (Paradies Lagardère) has a minimum annual guarantee of \$2,671,178.00 for the first year of the contract, and \$29.6 million over the term of the contract. Revenues generated from these contracts will be deposited into the Airport Operating and Maintenance Fund and both agreements are anticipated to generate over \$54 million over their 10-year terms.

BACKGROUND INFORMATION:

The San Antonio Airport System sought proposals for food and beverage concessions and retail concessionaire for new concepts for locations in Terminals A and B, pre- and post-security. In 2012, the City Council awarded the first prime concessionaire to bring a mix of local and national concepts to the San Antonio International Airport in order to provide passengers with a better representation of the culinary offerings in the San Antonio area along with familiar national brands. This process was well-received in the community, especially with its emphasis on bringing more local concepts to the Airport.

On October 11, 2023, the Aviation Department presented a high-profile pre-solicitation briefing on the three concessions packages to City Council – two food and beverage packages and one retail package. The presentation included the goals of the solicitation:

1. Continue to grow the airport's Sense of Place to ensure passengers knew they landed in San Antonio by showcasing local concepts (or local-inspired concepts) that represent the best of San Antonio and our region.
2. Continue to keep our passengers in mind by supporting programs that ensure passengers look forward to trying out the food or retail offerings at San Antonio International Airport.
3. Continue to optimize our non-airline revenue
4. Continue to provide more opportunities for Airport Concession Disadvantaged Business Enterprise (ACDBE) firms to participate in our program and promote economic growth.

The briefing included the requirement that no respondent would be awarded with more than 1 package per category (therefore no firm would be awarded both food and beverage packages); at least 25% of the concepts would be local; and, the ACDBE goal would be 26% for each package. The presentation also included recommended concept types (bar, quick serve restaurant, for example) for each space.

During the pre-solicitation discussion, City Council asked that the local concept percentage be increased to 40% to provide more opportunity to highlight local or local-inspired concepts at the Airport.

The City issued a Request for Proposals for "Food & Beverage Concession Prime Concessionaires and Retail Concession Prime Concessionaire for San Antonio International Airport" (RFP 24-001, 6100017424) on October 27, 2023, with a submission deadline of March 8, 2024. The RFP was advertised in the Express-News, TVSA channel, the City's Bidding & Contracting Opportunities website, the San Antonio e-Procurement System, and an email notification was released to a list of potential respondents. Eight total responses were received of which: Food & Beverage Package 1 (3 responses received), Food & Beverage Package 2 (3 responses received) and Retail Package 3 (2 responses received). Upon RFP closing, Hudson Group Retail, LLC requested consideration for a late submission to Retail Package citing technical issues with submission. The City rejected the request but allowed appeal from Hudson. After review of the supporting information and technical merits of the appeal, the City agreed to accept the late proposal. Hudson's proposal was included with the other eight proposals increasing total number to nine proposals received. All nine responses received were deemed responsive for evaluation.

The evaluation committee consisted of representatives from the Aviation Department, the City

Manager's Office, the Airport Advisory Commission and the Airport System Development Committee. The Finance Department, Procurement Division, assisted by ensuring compliance with City procurement policies and procedures. The evaluation of each proposal response was based on a total of 100 points: 35 points allotted for experience, background, and qualifications; 45 points allotted for proposed plan and 20 points allotted for respondent's compensation offer to the Airport. Airport concessions fall under Federal Regulations (49 CFR Part 23), local preference programs do not apply and each proposal was required to meet or exceed the ACDBE goal of 26%, which they all did.

The evaluation committee met for an initial evaluation to discuss and score the three proposals received for each of the two Food and Beverage packages on May 3, 2024, and after initial scoring, the committee's recommendation was to conduct interviews with the top two highest-ranked firms within each package. The evaluation committee met for an initial evaluation to discuss and score the three proposals received for the Retail package on June 21, 2024, and after initial scoring, the committee's recommendation was to conduct interviews with all three firms. The evaluation committee reconvened for interviews and discussion for the two Food and Beverage Packages on June 7, 2024. After interviews, the evaluation committee discussed and scored the shortlisted firms based on the aforementioned criteria. Individual scores were submitted, aggregate scores were presented. After a recommendation for award for package 2 was agreed upon by the evaluation committee, the compensation scores were revealed. Host True Flavors, the highest-ranking firm, was recommended for award by the evaluation committee. The evaluation committee was unimpressed with presentation and interview from the second firm, and given the large gap in scores, decided not to award package 1 and recommended a resolicitation. The evaluation committee reconvened for interviews and discussion for the Retail Package on August 16, 2024. After interviews, the evaluation committee discussed and scored the firms based on the aforementioned criteria. Individual scores were submitted, aggregate scores were presented. After a recommendation for award for retail package was agreed upon by the evaluation committee, the compensation scores were revealed. Paradies Lagardère, the highest-ranking firm, was recommended for award by the evaluation committee.

A post-solicitation briefing was presented to City Council at B-Session on November 7, 2024 with staff's recommendation for Council award.

ISSUE:

This contract will provide passengers at the San Antonio Airport with retail and food and beverage options.

Food and Beverage, Package 2

Host True Flavors SAT FB, LLC is recommended for award for package 2. True Flavors SAT FB, LLC proposal exceed the 26% ACDBE goal by 9 points.

In their proposal and interview with the Evaluation Committee, Host True Flavors demonstrated how they exceeded all the requirements in the solicitation documents including a strong showing of local or local-inspired concepts including:

- Chef Johnny's Mercado: A concept that has been created especially for the airport by San Antonio's chef Johnny Hernandez, owner of La Gloria, La Frutieria, Super Bien, Bugerteca, among others. The Mercado will offer travelers a taste of true Mexican cuisine. This concept will be located in the Terminal A .
- Southerleigh Fine Foods: This restaurant serves southern favorites in an elevated, yet comfortable environment with a favorites such as the southern fried chicken sandwich, steak frites, and their famous pimento chicken queso. A strong bar program will round out the offerings. This concept will be located in Terminal B (post-security).
- The Horseshoe Tequila Bar, which highlights Herradura Tequila, will be a great stop for those at the end of the terminal that want a quick drink before boarding their flight. The drink list will naturally focus on tequila, but will still offer other options such as beer, wine, dark spirits, etc. There will be food available to enjoy at the bar or take on the go. This location will be located in Terminal A.
- A kiosk version of the Horseshoe Bar will be located in a new area for a food and beverage concept in Terminal A.
- Panda Express: This family-friendly concept is the largest Asian restaurant chain in the US. Known for its steadfast service, quality food and attractive price points, travelers can expect to receive a menu full of flavorful Americanized Chinese dishes. This location will be located in Terminal A.
- Freight Fried Chicken: The concept is led by James Beard nominated chef, Nicola Massey. After 10 years of service in the US Army, Nicola followed her passion for cooking from Hawaii to Texas. This popular concept in the Pearl's Food Hall will bring fried chicken favorites and always popular mac and cheese to the Airport. This location will be located in Terminal A.
- Tre Trattoria: Chef Jason Dady's Tre Trattoria offers a variety of items to please any palette, from traditional Italian favorites to more adventurous and unique offerings. From breakfast wrap, pizzas, salads and sandwiches, there's something for everyone from one of Food Networks' Best Chefs.
- Pharm Table is an apothecary kitchen located in Southtown San Antonio, featuring locally-sourced and globally-inspired food. Chef Elizabeth Johnson's intent is to serve elevated and nutritious foods, giving travelers healthy options on the go. This location will be in Terminal A.
- Dunkin is a multi-national coffee chain, known for their delicious coffee and sweet treats. Even though this is an express version, guests will still be able to grab a coffee or donut on their way out of the airport, along with a selection of sandwiches and salads for the late afternoon and evening. This location will be pre-security near the entrance of the Consolidated Rental Car Facility in Terminal B.

Retail, Package 3

Paradies Lagardère @ SAT 2024, LLC is recommended for award of retail package 3. Paradies Lagardère @ SAT 2024, LLC proposal met the ACDBE goal of 26%.

In their proposal and interview with the Evaluation Committee, Paradies Lagardère demonstrated how they exceeded all the requirements in the solicitation documents including a strong showing of local or local-inspired concepts including:

- Feliz Modern: Colorful local and global art, gifts, and home decor with a San Antonio flavor. Feliz Modern, with its two San Antonio locations, emphasizes the importance of supporting local businesses and artists. This concept will be located in Terminal B.
- Prickly Pear Provisions: From reading materials to fresh-to-go snacks to travel accessories, and a plethora of locally crafted gifts and gourmet items, Prickly Pear Provisions has everything travelers will need or desire to transform their journey into an unforgettable excursion. Also includes currency exchange for international travelers. This concept is located pre-security in Terminal A.
- Military City USA: Travel essential outpost that commemorates the military's esteemed presence in San Antonio. Those who want to demonstrate their allegiance to the military can select from an assortment of regional apparel featuring camouflage patterns and statements expressing support for our fighting men and women. This concept is located in Terminal B. The City has agreed to a license agreement with Parades that will allow them to use the Military City USA branding, in place of their original concept name, Four Supply Co.
- Confluence Market: Travel essentials, local products crafted by regional artisans, souvenirs, and gourmet dining options designed for on-the-go. Confluence Market pays tribute to San Antonio's natural environment and captures these ecological touchstones along the San Antonio River with contemporary graphics, crisp and fresh surfaces, and artistic renderings. This concept is located in the new Ground Load Facility in Terminal B.
- Univision: The internationally recognized American Spanish-language television network, began in San Antonio in 1960. This store offering exclusive merchandise, cutting-edge tech accessories, and travel essential including licensed apparel for local teams like the San Antonio Spurs, San Antonio Fútbol Club, University of Texas, Texas A&M, and University of Texas at San Antonio. This concept is located in Terminal A.
- 210 Exchange: Travel essentials/convenience offering a variety of products and gifts crafted by local artisans, allowing travelers to capture a piece of San Antonio's rich history and culture. This concept is located in Terminal A.
- iStore Express: Innovative electronics including headphones, chargers, AirPods, Apple watches, Bluetooth speakers, and top-notch accessories. This concept is located in Terminal B.
- Prepango: Variety of automated retail, specialty retail, and traveler communications offered 24/7. These machines are located throughout the terminals.
- Currency Exchange: Convenient and accessible currency exchange ATM located in the Ground Load Facility in Terminal A.

Food and Beverage, Package 1

During the Special Session held on Thursday, November 7, 2024, City Council was briefed on the staff recommendation not to award Food and Beverage, Package 1 and to issue a new RFP solicitation for this package. The RFP for the Concessions Package Food and Beverage, Package 1 is for 12,594 square feet in Terminals A and B. The City, as with the original solicitation package, is seeking proposals with concepts that include a mix of national and local concepts that highlights San Antonio's rich and varied culinary offerings. The solicitation requirements remain the same as under the original solicitation with proposals including at least 40% of local concepts within their proposals and meet the Airport Concessions Disadvantaged Business Enterprise (ACDBE)

Goal. The only change is the removal of the restriction on awarding the Food and Beverage Contract to separate firms; this solicitation will be open to all interested parties.

To allow for sufficient time for firms to review the RFP and extend their best proposal offering, staff will proceed with the streamlined timeline below:

Solicitation Release:	November 22, 2024
Pre-Submittal Conference:	December 2, 2024
Deadline for Questions:	December 6, 2024
Proposals Due:	December 20, 2024
Evaluation Meetings with Interviews	January 13 & 14, 2025
Negotiations with Recommended Vendor	January-February, 2025
Post-Solicitation B Session Briefing:	
Anticipated City Council Consideration:	February 13, 2025

ALTERNATIVES:

City Council could elect to request the Aviation Department to release a new solicitation for these packages. The development of the new solicitation could take time and may result in fewer responding proposals. In addition, current concessionaires, who have been operating under a holdover provision of their current agreement, may decide to close their location.

FISCAL IMPACT:

This ordinance authorizes a Food and Beverage Concession Agreement with Host True Flavors SAT FB, LLC for nine concepts in 11,836 square feet and a Retail Concession Agreement with Paradies Lagardère @ SAT 2024, LLC for seven concepts and vending machines in 8,217 square feet in locations throughout Terminal A and Terminal B at the San Antonio International Airport. The Food and Beverage Concession Agreement with Host True Flavors SAT FB, LLC (Host True Flavors) has a minimum annual guarantee of \$2,004,452.00 for the first year of the contract and \$24.8 million over the term of the contract, and the Retail Concession Agreement with Paradies Lagardère @ SAT 2024, LLC (Paradies Lagardère) has minimum annual guarantee of \$2,671,178.00 for the first year of the contract and \$29.6 million over the term of the contract. Revenues generated from these contract will be deposited into the Airport Operating and Maintenance Fund and both agreements are anticipated to generate over \$54 million over their 10-year terms.

RECOMMENDATION:

Staff recommends approval of this ordinance.

These contracts were procured by means of Request for Proposals and Contracts Disclosure Forms are required.