

# Food & Beverage Concession Opportunities



# Food & Beverage Concessions Program

## Discussion Topics

- Current State of OAK's Food & Beverage Program
- Program Goals & Objectives
  - Prioritize What's Important
  - Labor & Small Business
  - Community Outreach
  - Requirements for New Food & Beverage Units
- Proposed Business Terms
- Proposed Evaluation Criteria
- Schedule and Key Dates

# Current Food & Beverage Operations @ OAK

- *Space/Use Permit* with Four Operators
- Concurrent Expiration Date of May 31, 2018
- 16 Locations Spread Across Terminals 1 & 2
  - Six Bar & Restaurant Units
  - Five Specialty Coffee Outlets
  - Two Multi-Concept/Food Courts
  - Two Quick Serve Restaurants
- 21,000± Square Feet of Operations Space (plus additional food & beverage and refrigerated storage spaces)

# Current Food & Beverage Operations @ OAK

- One Prime Concessionaire (w/ Subtenants) and Three Independents
- Host International, Inc.
  - Operated Units: Heinholds First & Last Chance, Starbucks (4), Chili's, Eight Bar, Pyramid Ale House, Fenton's, Auntie Anne's, CPK ASAP and Max's
  - Subtenant Units: Silver Dragon Café, Jamba Juice, Burger King, Subway, Gordon Biersch
- Independent Operations
  - Andalé Management Group, Inc. dba Andalé Mexican Grill
  - Gotham Food Two LLC dba Firewood Café
  - Youth Employment Partnership, Inc. dba Training Grounds

Note: The two Vino Volo units are not included in this RFP process since their contract does not expire until 5/31/2021.

# Current Food & Beverage Operations @ OAK

## Calendar Years 2016 vs. 2017

	Gross Receipts	Annual Rent
Calendar Year 2016	\$40,822,509	\$5,369,022
Calendar Year 2017	<u>45,551,755</u>	<u>6,159,971</u>
Increases	\$4,729,246	\$790,949
Percentage Increase	11.58%	14.73%

The number of passengers transiting through OAK increased more than 8% from 2016 to 2017, but sales were up in excess of 11%.

# Current Food & Beverage Operations @ OAK

## Calendar Years 2016 vs. 2017 - Enplanements

Enplanements	Terminal 1	Terminal 2
Calendar Year 2016	2,280,425	3,761,030
Percent of Total	37.75%	62.25%
Calendar Year 2017	2,719,155	3,814,113
Percent of Total	41.59%	58.41%
Sales per Enplaned Passenger (2016)	\$6.27	\$7.05
Sales per Enplaned Passenger (2017)	<u>6.42</u>	<u>7.37</u>
Year-over-Year Sales Increase	\$0.15	\$0.32
Percent Year-over-Year Increase	2.3%	4.5%

# Food & Beverage Concession Opportunities

## Program Goals & Objectives

### Prioritize What's Important

- Create *A Sense of Place* through unique/creative facility design
- Community Outreach
- Small/ACDBE Business Participation
- Passenger Experience
- Environmental Stewardship
- Labor Peace
- Mix of National & Local Brands
- Maximize *Sales Per Enplanement*
- Port Expense Minimization
- Port Staff Efficiency

# Food & Beverage Concession Opportunities

## Labor & Small Business Goals

- Labor Peace Rule
- Airport Concessions Disadvantage Business Enterprise (“ACDBE”)
  - Prior/Current ADCBE Success
  - Participation Goals
- Living Wage Requirements
- Labor Pool Program
- Employee Retention Policy
- Small Business/ACDBE Owner Preferences
- Small Business/ACDBE Sublease/Joint Venture Partnership
- MAPLA Requirements
- Subcontracting/Construction Small Business/ACDBE Participation Requirements



# The Port's Goal for Community Outreach

- Encourage participation and support of smaller businesses and airport concession disadvantaged businesses (ACDBEs);
- Maximize the potential for small businesses and ACDBEs to participate freely in the RFP process;
- To maximize ACDBE opportunities for ACDBE participation by extensive outreach and encouraging maximum feasible number of ACDBEs to be included in multiple proposals;
- To be consistent with the purposes of 49 C.F.R. Part 23, insofar as it encourages competition and promotes involvement of small businesses and ACDBEs in airport concessions; and
- Any agreement by an ACDBE to participate in a prime concessionaire proposal exclusive of other proposals should be entered into with informed consent of the ACDBE.

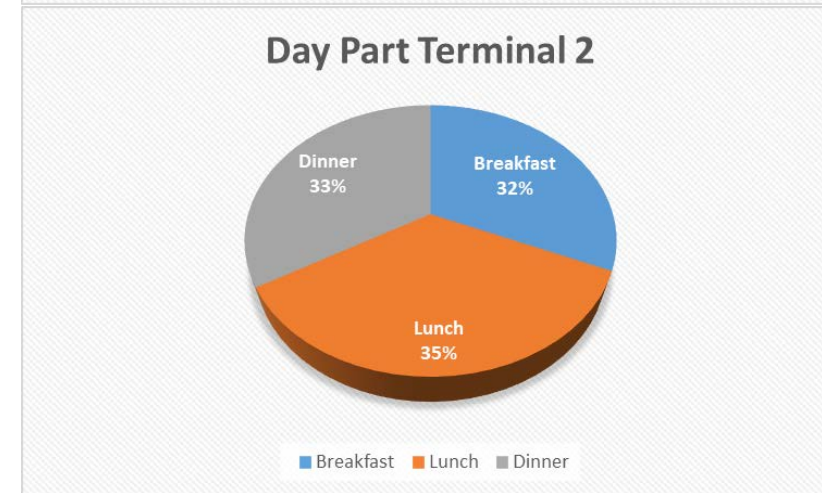
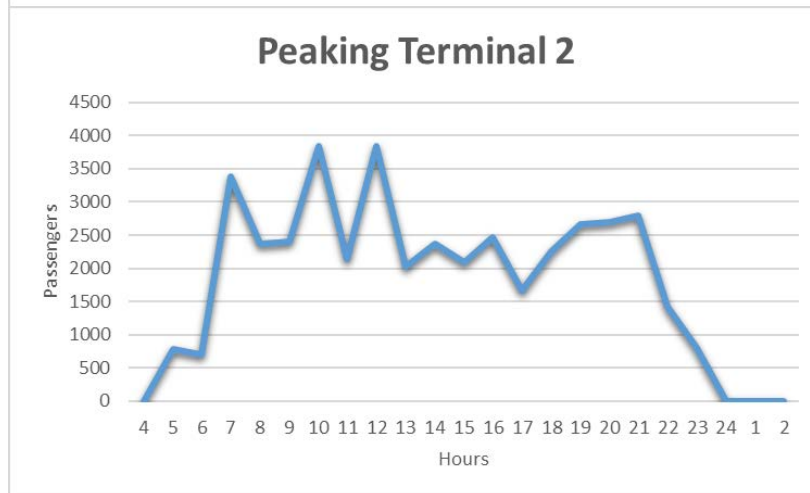
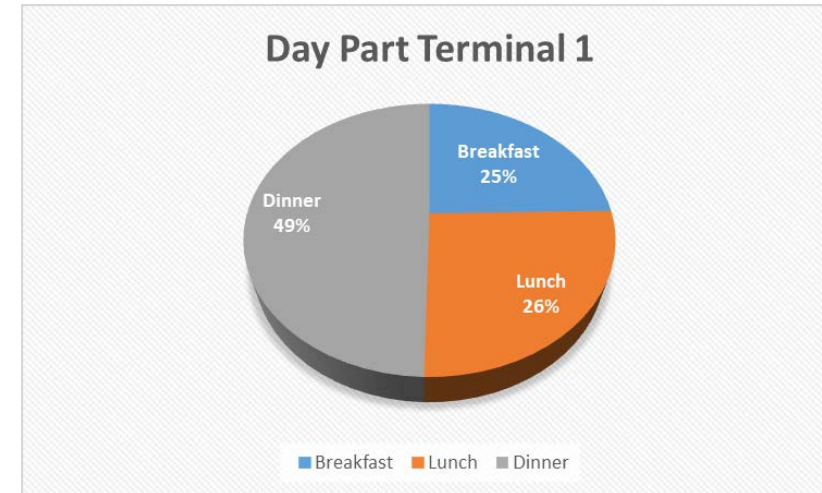
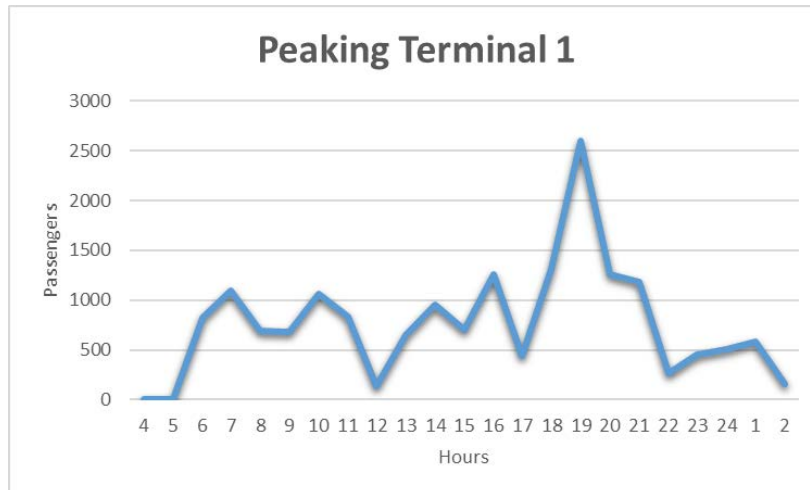
# Food & Beverage Concession Opportunities

## Requirements for New Food & Beverage Units

- All concepts must be open 90 minutes before the first flight of the day
- All concepts must serve food for all day-parts
- All concepts must provide *To Go* food items, either through:
  - *To Go* counters, and/or
  - Pre-packaged food and beverage in refrigerated cases in front of unit
- Staff-proposed Business Terms identifies units that are required to serve alcohol and coffee, however other units can serve alcohol and coffee depending on concept
- Airport's preference is to be local or national brand name concepts
- Temporary units during construction

# Food & Beverage Concession Opportunities

## Terminal Peaking & Day Part Analysis



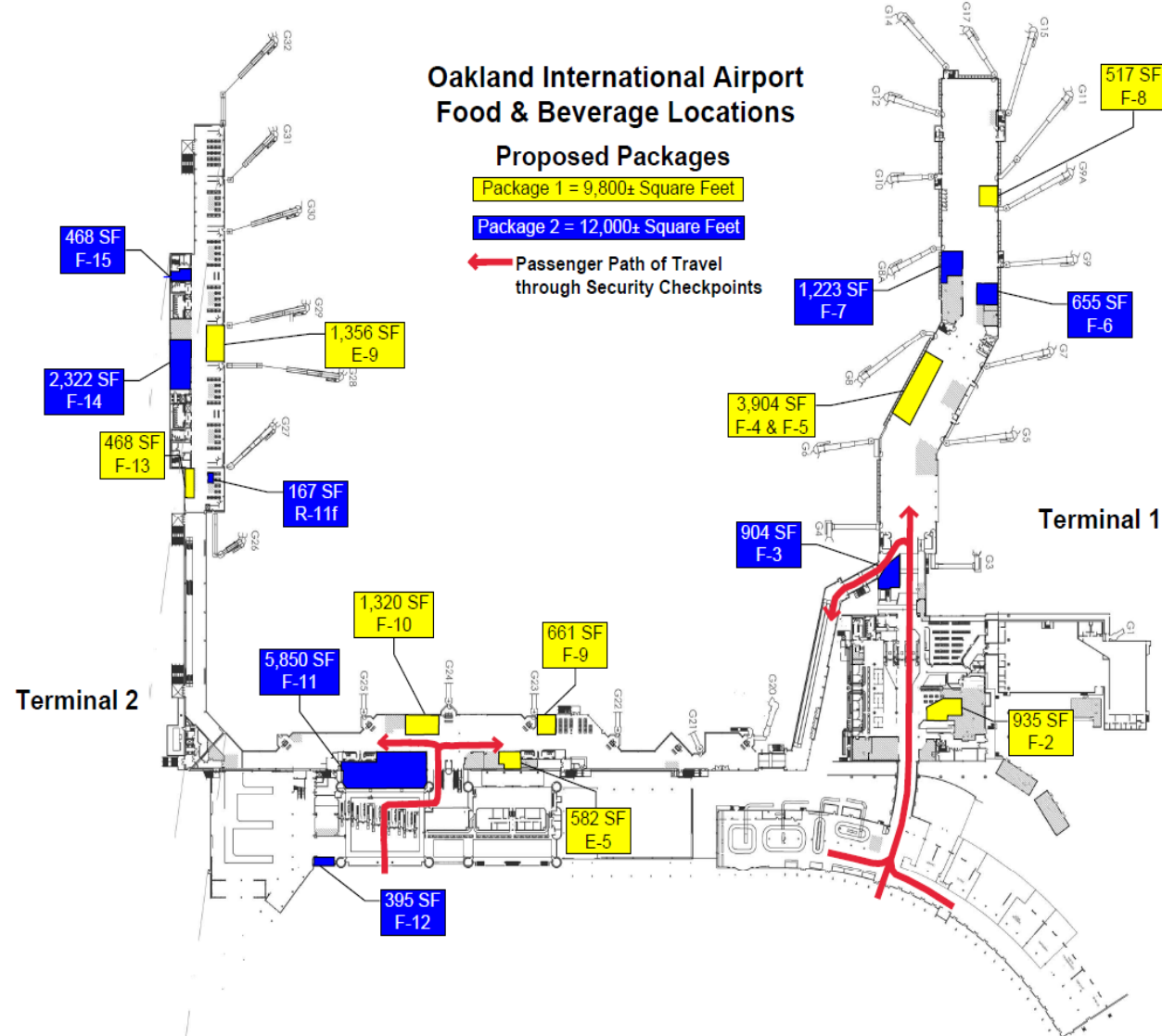
# Food & Beverage Concession Opportunities

## Proposed Business Terms

- Two Packages/Prime Operators with approximately equal number of spaces/square footage spread throughout Terminals 1 & 2
- Term = 10 years, occupancy January 2019
- Initial Capital Investment = \$450/SF
- Mid-term Capital Investment = \$150/SF
- Marketing Fund = 0.5% of Gross Sales

# Food & Beverage Concession Opportunities

## Proposed Locations of Two Packages



# Food & Beverage Concession Opportunities

## Proposed Business Terms – Rent Structure

- Percent Rental rates
  - Food and Non-alcoholic beverages = 13%
  - Alcoholic beverages = 16%
- Minimum Annual Guarantee (MAG)
  - Post Secure, Units < 1,000 SF = \$250/SF
  - Post Secure, Units 1,000 to 5,000 SF = \$200/SF
  - Post Secure, Units > 5,000 SF = \$100/SF
  - Pre-Secure, Both units = \$75/SF
- Pricing Policy = Street + 10%
- Benefits Fee = +2% (Not attributable to MAG)

# Food & Beverage Concession Opportunities

## Proposed Business Terms – Qualifications

Each Proposer, or its majority partner, shall have significant experience operating in an airport environment. At a minimum, Proposer must have operated:

- In a food and beverage concession in at least three airports;
- In those airports for three continuous years within the last five years; and,
- At least one of these operations must have generated at least \$5 million in annual gross sales in at least one of those three years.
- Businesses without this experience and minimum qualifications are encouraged to partner with an entity(ies) with such experience.

# Food & Beverage Concession Opportunities

## Proposed Evaluation Criteria

	<u>Points</u>
1. Proposed Concepts and Menus	30
2. Design and Quality of Tenant Improvements, Including Construction Phasing Plan	25
3. Management and Operations Plan	25
4. Experience and Qualifications of Proposer And Proposer's Partners (JV and/or subtenants)	10
5. Proposed Business Plan	10

Outreach and engagement efforts to include Small Businesses participation and will be evaluated on a Pass/Fail basis. Proposals that do not meet this outreach requirement will be rejected.



# Food & Beverage Concession Opportunities

## Schedule and Key Dates

- |                                      |                    |
|--------------------------------------|--------------------|
| 1. Outreach Meetings                 | February 2018      |
| 2. Board Approval of RFP             | March 2018         |
| 3. RFP Issued                        | March 2018         |
| 4. Pre-proposal Meeting              | April 2018         |
| 5. Proposals Due to Port             | June 2018          |
| 6. Proposer Interviews               | Mid August 2018    |
| 7. Proposers Selected                | End August 2018    |
| 8. Board Meeting and Contract Awards | End September 2018 |
| 9. Design and Construction Documents | Oct 2018 –Jan 2019 |
| 10. Construction of New Units Begin  | January 14, 2019   |
| 11. All Units Open                   | July 2019          |