



GREATER ORLANDO AVIATION AUTHORITY

Orlando International Airport
One Jeff Fuqua Boulevard
Orlando, Florida 32827-4399

MEMORANDUM

TO: Members of the Aviation Authority

FROM: Raymond Anderson, Senior Director of Concessions and Properties

DATE: June 15, 2016

ITEM DESCRIPTION

Recommendation to Approve Amendment No. 2 to Primary Food and Beverage Concession Agreement

BACKGROUND

Host International, Inc. entered into a Primary Food and Beverage Concession Agreement effective November 18, 2002, for operation of certain food and beverage concepts as designated locations in the North Terminal Complex of the Airport. The term of the Agreement expires on September 30, 2019.

ISSUES

Host operates three Starbucks located at the Airport, including the Starbucks in the landside terminal that is now adjacent to the northeast security checkpoint exit lane. The recent relocation by the Aviation Authority of the exit lane, performed in an effort to provide additional space for the TSA security checkpoint, creates an ongoing pedestrian traffic conflict between the exit lane and the queue line for customers of Starbucks.

The bookstore adjacent to the Starbucks had its term expire in March 2016, however, the term was extended on a month-to-month basis through December 31, 2016. The bookstore operator has indicated that it does not desire to continue to extend the term for the bookstore. As commonly known, the market for books is declining. In analyzing potential alternative uses for that space, staff has determined that a reconfiguration of the Starbucks and expansion into the bookstore space will allow for a Starbucks Reserve and will allow for all of the customer queue to be located within the conception space thereby reducing the potential conflicts with the security exit lane.

In addition, the Aviation Authority has previously issued agreements for operation of grab and go prepackaged food and beverage kiosks in portions of Level 1 and Level 2 of the Terminal Complex. Upon completion of the terms, the concepts were eliminated as not performing. Host has since requested to construct and install two (2) new Starbucks kiosk facilities, one (1) on Level 1, B Side, and one (1) on Level 2, A Side. Staff believes that the Starbucks brand may make the kiosks successful.

Host has indicated a willingness to accept the additional space reconstruct the level 3 Starbucks and construct and install the level 1 and 2 kiosks at its sole cost and expense. The proposed total investment for the landside level 3 Starbucks Reserve, and the two Starbucks kiosks is approximately \$1,500,000.

CONSENT AGENDA ITEM - P -

All gross receipts from the proposed new kiosks will be included as part of the gross receipts within the Primary Food and Beverage Concession Agreement and will be subject to percentage concession fee. In addition, the expanded store location and the two (2) proposed kiosks will result in an increase to the Host minimum annual concession fee of \$279,360.00.

ALTERNATIVES

The Aviation Authority Board may direct Staff to find alternative uses for the corner bookstore location and/or elect not to authorize the additional Starbucks kiosks.

FINANCIAL IMPACT

The Aviation Authority will receive additional minimum annual concession fee in the amount of \$279,360.00.

RECOMMENDED ACTION

It is respectfully recommended that the Aviation Authority Board to: (1) approve Amendment No. 2 with Host International; (2) request concurrence by City Council; and, (3) authorize an Aviation Authority Officer or the Executive Director to execute the Amendment following satisfactory review by legal counsel.