



Broward County

Legislation Details (With Text)

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In control: AVIATION DEPARTMENT

On agenda: 3/14/2023 **Final action:** 3/14/2023

Title: MOTION TO APPROVE Fourth Amendment to the First Amended and Restated Concession Agreement between Broward County and Fort Lauderdale Business and Currency Services, LLC, to extend the term for a period of three years with a one-year optional extension term; and authorize the Mayor and Clerk to execute.

Sponsors:

Indexes:

Code sections:

Attachments: 1. Exhibit 1 - OESBD Memo, 2. Exhibit 2 - Business Technology 4th Amendment

Date	Ver.	Action By	Action	Result
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Broward County Commission Regular Meeting

Director's Name: Mark Gale

Department: Aviation

Division: Business

Information

Requested Action

MOTION TO APPROVE Fourth Amendment to the First Amended and Restated Concession Agreement between Broward County and Fort Lauderdale Business and Currency Services, LLC, to extend the term for a period of three years with a one-year optional extension term; and authorize the Mayor and Clerk to execute.

Why Action is Necessary

In accordance with Chapter 26.4 of the Broward County Administrative Code, Concession Agreements require Broward County Board of County Commissioners ("Board") approval.

What Action Accomplishes

Extends the term of the First Amended and Restated Concession Agreement between Broward County and Fort Lauderdale Business and Currency Services, LLC ("Agreement") between Broward County ("County") and Fort Lauderdale Business and Currency Services, LLC ("FLBCS") at Broward County's Fort Lauderdale-Hollywood International Airport ("FLL").

Is this Action Goal Related

No

Previous Action Taken

None.

Summary Explanation/Background

THE AVIATION DEPARTMENT RECOMMENDS APPROVAL OF THE ABOVE MOTION.

This action extends the term of the current Agreement between the County and FLBCS for an additional three years with a one-year optional extension.

The Office of Economic and Small Business Development (“OESBD”) has conducted an evaluation of FLBCS’s Airport Concession Disadvantage Business Enterprise (“ACDBE”) participation for the Business Technology and Service Centers Concession Agreement and determined that the ACDBE goals have been met. The Agreement requires 55% ACDBE participation.

On February 27, 2018 (Item No. 65), the Board approved the Agreement between County and FLBCS for the non-exclusive right to operate a Business Technology Service Concession at FLL. The Agreement commenced on April 1, 2018, with a termination date of March 31, 2023. The five-year Agreement required a capital expenditure of no less than \$200,000.

On September 29, 2020, the County Administrator, authorized by Board action on June 16, 2020 (Item No. 68), approved the First Amendment to the Agreement to waive the monthly Minimum Annual Guarantee (“MAG”) portion of the Privilege Fee payments for the months of April 2020, May 2020, and June 2020, resulting in a total MAG waiver amount of \$61,626. MAG relief was provided through the Coronavirus Aid, Relief, and Economic Security (“CARES”) Act.

On September 29, 2021, the County Administrator, authorized by Board action on June 1, 2021 (Item No. 70), approved a Second Amendment to the Agreement providing for MAG relief in the amount of \$246,507 for the County’s 2021 Fiscal Year. MAG relief was partially funded by the Coronavirus Response and Relief Supplemental Appropriate Act (“CRRSA”) in the amount of \$16,248 and the remaining was funded by other unrestricted FLL funds in the amount of \$230,259.

On June 1, 2022, the Director of Aviation, authorized by Board action on January 25, 2022 (Item No. 64), approved the Third Amendment to the Agreement providing rent and MAG relief in the amount of \$108,251. MAG relief was provided through the American Rescue Plan Act of 2021 (“ARPA”).

The Agreement allows FLBCS to provide baggage and garment storage, luggage sales, luggage wrapping, shipping services, photocopies, foreign exchange, and Automated Bank Teller Machines (“ATMs”) in all four terminals and the Rental Car Center. FLBCS pays the County a Privilege Fee that is the greater of the MAG (currently \$246,507) or the percentage fee of gross revenues, as established in the Agreement.

On December 1, 2022, FLBCS submitted a letter to the County requesting a term extension. FLBCS stated that due to the COVID-19 pandemic, the luggage wrap, currency exchange, and baggage storage services were suspended for several months. The suspension of services and the reduction in passenger traffic resulted in a significant reduction of revenues which persists today and prevents FLBCS from fully recovering its capital expenditure.

Broward County Aviation Department (“BCAD”) has reviewed FLBCS’s reported gross revenues for calendar year 2022 and found it was significantly below pre-pandemic levels. As part of the initial Agreement, FLBCS was required to make a total Minimum Capital Expenditure for improvement of the Assigned Areas in the amount of no less than \$200,000. FLBCS certified that it made \$323,575 in Capital Expenditures for improvements at FLL.

The proposed Fourth Amendment allows BCAD to extend the current Agreement to allow for FLBCS to continue to provide its services to the passengers at FLL and to recoup its capital expenditure. The additional term will also give FLBCS the ability to invest in a new currency exchange to continue to serve the international passengers exiting the newly expanded and renovated Federal Inspection Station in Terminal 4.

On January 19, 2023, a negotiation meeting was held to discuss the proposed Fourth Amendment to the Agreement between the County and FLBCS. The Fourth Amendment will provide for the continuation of FLBCS providing business technology service centers concession at FLL, extending the current term for a period of three years with a one-year optional extension and providing for an additional Capital Investment in an amount no less than \$40,000 for the removal of the existing currency facility and installation of a new currency exchange kiosk.

In accordance with U.S. Department of Transportation federal regulations governing the ACDBE Program, BCAD has requested approval from the Federal Aviation Administration ("FAA") to extend the term of the current Agreement. If the FAA requires modifications or changes to the Agreement or denies approval, the proposed Fourth Amendment authorizes the Director of Aviation to amend the Agreement to include the modifications or changes required or terminate the Agreement should the FAA deny the approval.

The proposed Fourth Amendment has been reviewed and approved as to form by the Office of the County Attorney.

Source of Additional Information

Mark E. Gale, A.A.E., CEO/Director, Aviation Department, 954-359-6199

Fiscal Impact

Fiscal Impact/Cost Summary

FLBCS will pay the County on an annual basis a Privilege Fee that is the greater of the MAG (currently \$246,507) or the percentage fee of gross revenues, as established in the Agreement.