



Broward County

Legislation Text

File #: 20-257, Version: 1

Broward County Commission Regular Meeting

Director's Name: Mark Gale

Department: Aviation

Division: Business

Information

Requested Action

A. MOTION TO APPROVE Third Amendment to the Food and Beverage Concession Agreement between Host International, Inc., and Broward County allowing Host International, Inc., to increase the mark up of street pricing from 10% to 11% to mitigate the increased living wage costs; and authorize the Mayor and Clerk to execute.

ACTION: (T-10:32 AM) Approved.

VOTE: 9-0. Vice-Mayor Geller voted in the affirmative telephonically.

B. MOTION TO APPROVE Fifth Amendment to Second Amended and Restated Food and Beverage Concession Agreement between Lauderdale F&B Partners and Broward County to allow Lauderdale F&B Partners to increase the mark up of street pricing from 10% to 11% to mitigate the increased living wage costs; and authorize the Mayor and Clerk to execute.

ACTION: (T-10:32 AM) Approved.

VOTE: 9-0. Vice-Mayor Geller voted in the affirmative telephonically.

C. MOTION TO APPROVE Second Amendment to First Amended and Restated News and Gift Concession Agreement between AMS South Florida, JV, and Broward County to allow AMS South Florida, JV, to increase the mark up of street pricing from 10% to 11% to mitigate the increased living wage costs; and authorize the Mayor and Clerk to execute.

ACTION: (T-10:32 AM) Approved.

VOTE: 9-0. Vice-Mayor Geller voted in the affirmative telephonically.

D. MOTION TO APPROVE Second Amendment to First Amended and Restated News and Gift Concession Agreement between Paradies-Broward, LLC., and Broward County to allow Paradies-Broward, LLC., to increase the mark up of street pricing from 10% to 11% to mitigate the increased living wage costs; and authorize the Mayor and Clerk to execute.

ACTION: (T-10:32 AM) Approved.

VOTE: 9-0. Vice-Mayor Geller voted in the affirmative telephonically.

E. MOTION TO APPROVE First Amendment to First Amended and Restated Duty Free Concession Agreement between Broward Duty Free, LLC., and Broward County to provide for a reduction in privilege fees due to Broward County from Broward Duty Free, LLC., on the first \$1,000,000 of annual gross revenue from 17% to 9.37% for a five-year period; and authorize the Mayor and Clerk to execute.

ACTION: (T-10:32 AM) Approved.

VOTE: 9-0. Vice-Mayor Geller voted in the affirmative telephonically.

Why Action is Necessary

Motions A through E: Broward County Board of County Commissioners (“Board”) approval is required for all amendments to concession agreements.

What Action Accomplishes

Motions A through E approve amendments to the existing concession agreements at Broward County’s Fort Lauderdale-Hollywood Airport (“FLL”) to mitigate the increased costs to concessionaires resulting from the amendments to the Broward County Living Wage Ordinance (“Living Wage Ordinance”).

Is this Action Goal Related

No

Previous Action Taken

None.

Summary Explanation/Background

THE AVIATION DEPARTMENT RECOMMENDS APPROVAL OF THE ABOVE MOTIONS.

This action approves amendments to the existing concession agreements at FLL to mitigate the increased costs to concessionaires resulting from the amendments to the Living Wage Ordinance.

The proposed Amendments will permit either an increase in street pricing from 10% to 11% or approve a reduction in privilege fees due to Broward County (“County”) on the first \$1,000,000 of annual gross revenue from 17% to 9.37% for a five-year period.

On December 11, 2018 (Item No. 26), the Board amended the Living Wage Ordinance to increase the living wage rate to at least \$13.27 per hour with a health care benefit amount of at least \$1.63 per hour, or at least \$14.90 per hour without health care benefits, adjusted annually as provided in the Living Wage Ordinance.

On February 26, 2019 (Item No. 43), the Board further amended Section 26-102 of the Living Wage

Ordinance to increase the health care benefit amount to \$3.44 per hour beginning on January 1, 2021, adjusted annually as provided in the Living Wage Ordinance.

The five Concession Agreements were entered into prior to January 1, 2019, are covered contracts, and the concessionaires are covered employers, therefore, all concessionaires may enter into a written amendment to reasonably mitigate the increased living wage costs.

The proposed Amendments mitigate the increased payroll costs of \$1,657,385 for the agreements between Broward and the following five Concessionaires: Host International, Inc., (“Host”), Lauderdale F&B Partners (“F&B”), AMS South Florida, JV (“AMS”), Paradies-Broward, LLC. (“Paradies”), and Broward Duty Free, LLC (“Duty Free”) resulting from the increase to the living wage rate. Each amendment contains a certification that the increase permitted is equal to or less than the amount of the increased costs resulting from the increased living wage.

Motions A through D

The proposed increase in street pricing from 10% to 11% for Host and F& B, the two food and beverage concessionaires, will provide relief to mitigate each of their annual increased costs resulting from the increase due to the Living Wage Ordinance. Host has been paying the increased living wage rate to its covered employees since March 22, 2019. F&B has been paying the increased living wage rate to its covered employees since April 1, 2019.

The proposed increase in street pricing from 10% to 11% for AMS and Paradies, the two news and gift concessionaires, will provide relief to mitigate each of their annual increased costs resulting from the increase due to the Living Wage Ordinance. AMS has been paying the increased living wage rate to its covered employees since September 23, 2019, the delay in payment resulted from ongoing union negotiations. Paradies has been paying the increased living wage rate to its covered employees since April 1, 2019.

Motion E

Due to international pricing restrictions, an increase in street pricing was not feasible for Duty Free. The reduction on the percentage of privilege fees due to the County from Duty Free on the first \$1,000,000 of annual gross revenue from 17% to 9.37% for a five-year period was deemed an effective way to provide relief to mitigate Duty Free’s increased costs over the remaining five years of their term, resulting from the increase to the Living Wage Ordinance. Duty Free has been paying the increased living wage rate to its covered employees since January 1, 2019.

These Amendments have 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 of Aviation, (954) 359-6199

Fiscal Impact

Fiscal Impact/Cost Summary

The following concessionaires have indicated that the annual fiscal impact of the increased living

wage rates are as follows: Host \$402,233, F&B Partners \$493,667, AMS \$240,034, Paradies \$139,952 and Duty Free over the remaining five year term is \$381,499.