



Broward County

Legislation Text

File #: 20-2368, Version: 1

Broward County Commission Regular Meeting

Director's Name: Mark Gale

Department: Aviation

Division: Business

Information

Requested Action

MOTION TO APPROVE Common Use Passenger Lounge Concession Agreement between Broward County and The Escape Lounge FLL LLC, RLI No. 20180423-0-AV-01, for the non-exclusive right to operate a common use passenger lounge operation at Broward County's Fort Lauderdale-Hollywood International Airport, for a seven year period that commences upon the earlier of the Notice to Take Possession Expiration Date or upon the issuance of the Certificate of Occupancy; and authorize the Mayor and Clerk to execute.

Why Action is Necessary

Section 26.4 of the Broward County Administrative Code requires that the Broward County Board of County Commissioners ("Board") approve all Concession Agreements.

What Action Accomplishes

Allows The Escape Lounge FLL LLC ("Escape") the non-exclusive right to operate a common use passenger lounge concession 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 will allow Escape the non-exclusive right to operate a common use passenger lounge concession at FLL.

The Office of Economic and Small Business Development ("OESBD") established a 25% Airport Concession Disadvantaged Business Enterprise ("ACDBE") participation goal, and Escape has committed to a 25% ACDBE goal for this project (Exhibit 3).

Escape is a joint venture made up of MAG US Lounge Management and its ACDBE partners Gideon Toal Management Services and Superior Hospitality Group LLC.

On August 20, 2019 (Item No. 6), the Board approved Request for Letters of Interest ("RLI") No.20180423-0-AV-01, Common Use Passenger Lounge Concession. Seven firms submitted a proposal in response to the RLI; ALD Development Corporation d/b/a Airport Dimensions, Global Lounge Network, LLC, MAG US Lounge Management LLC, Oxygen Premium Services LLP, Panpe Group Corp, Premium Lounge (Fort Lauderdale) LLC, and Swissport SAUSA, LLC.

On January 22, 2020, a Shortlisting Meeting was held. The Selection Negotiation Committee determined that six of the seven firms were deemed both responsive and responsible. Swissport SAUSA LLC, was deemed non-responsible due to their inability to meet the ACDBE goal.

On February 5, 2020, a Presentation Meeting was held. The Selection Negotiation Committee ranked 1 - MAG US Lounge Management LLC; 2 - ALD Development Corporation d/b/a Airport Dimensions; 3 - Oxygen Premium Services, LLC; 4 - Premium Lounge (Fort Lauderdale) LLC; 5 - Global Lounge Network, LLC; and 6 - Panpe Group Corp.

The Selection Negotiation Committee's recommendation of ranking was posted from February 10, 2020, through February 12, 2020, on the Broward County Aviation Department ("BCAD") website at <https://www.broward.org/Airport/Business/Pages/Solicitations.aspx>. The Selection Negotiation Committee's Final Ranking was posted on BCAD's website from February 14, 2020, to February 21, 2020. At the time of agenda submission, there was no additional information submitted.

The Selection Negotiation Committee consisted of:

David Flaherty, Assistant Director - Concessions, Business & Properties Management, Aviation Department (Chair and Non-Voting Member)

Mitch Cohen, Enterprise Assistant Director, Business Administration Division, Port Everglades Department

Jason Watkins, Enterprise Director, Finance Division, Aviation Department

Dan West, Director, Parks and Recreation

On March 10, 2020 (Item No. 50), the Board approved the final ranking of the qualified firms for the RLI, and the first ranked firm was MAG US Lounge Management LLC.

A negotiation meeting with the first ranked firm, MAG US Lounge Management LLC, was held on June 12, 2020. A second negotiation meeting was held on June 19, 2020. During negotiations and discussions, MAG US Lounge Management LLC indicated and noted in their submittal to the RLI that the joint venture of MAG US Lounge Management LLC, Gideon Toal Management Services LLC, and Superior Hospitality Group LLC would be doing business as Escape by forming a Limited Liability Company.

The Common Use Passenger Lounge Concession Agreement ("Agreement") between Broward County ("County") and Escape at FLL will become effective following execution by the parties, and the seven-year term will commence on the earlier of the Notice to Take Possession ("NTP") Expiration Date or upon issuance of the Certificate of Occupancy. The Agreement contains an option to extend the term for an additional three-year period.

Escape will pay the County a Privilege Fee in the greater amount of the established Percentage Fee or the Minimum Annual Guarantee. Percentage Fees are established in the amount of 20% for gross revenues up to and including \$4,000,000, 25% for gross revenues over \$4,000,000, and up to and including \$8,000,000, and 30% on gross revenues over \$8,000,000. The Minimum Annual Guarantee is established in the amount of \$1,030,000 and will be adjusted annually by 85% of the prior year's Privilege Fee. Escape is required to expend not less than \$5,400,000 for capital improvements within one-eighty calendar days following the issuance of the NTP or no later than the NTP Expiration Date.

Escape has posted a security deposit in the amount of \$515,000, which is 50% of the initial Minimum Annual Guarantee. Escape's leased space in Terminal 3 can accommodate 148 guests. Entry fees range from \$25 to \$45 per day and include an array of services including but not limited to food, alcoholic and non-alcoholic beverages, high speed Wi-Fi, newspapers and magazines, charging stations, restrooms, and showers.

The proposed Agreement 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 of Aviation, (954) 359-6199

Fiscal Impact

Fiscal Impact/Cost Summary

Escape will pay to the County a Privilege Fee in the greater amount of the established Percentage Fee or the Minimum Annual Guarantee. The estimated revenue for the term of the proposed Agreement is \$7,210,000.