

# Department of Port Control

Ordinance No.: 844-17

Business Development & Management

## EXECUTIVE SUMMARY

The Department of Port Control is requesting authority to exercise the available option to renew Phase I and Phase II concessions under Contract No. 67743 with Airmall Cleveland, Inc. fka BAA USA, Inc., for the design, construction, lease and management of all retail merchandise and food and beverage concessions facilities at Cleveland Hopkins International Airport; and to amend the contract to change certain terms of Phase I of the contract.

---

### Background/Purpose:

On April 7, 2007, Cleveland City Council passed Ordinance No. 1850-06 authorizing the Department of Port Control (“Department”) to enter into a management agreement, to lease concession space for the design, construction, lease and management of all retail merchandise and food and beverage concessions facilities at Cleveland Hopkins International Airport. On February 6, 2008, the Board of Control adopted Resolution No. 72-08 authorizing the Director of Port Control to:

- Enter into a Concession Agreement with BAA, now known as Airmall Cleveland;
- For an initial term for Phase I, retail merchandise concessions, starting upon execution of the concession agreement and expiring ten years after the expiration of the prior concession agreement for retail merchandise, City Contract No. 42575;
- For an initial term for Phase II, food and beverage concessions, starting upon expiration of the existing food and beverage concession contract and expiring ten years later;
- With one option, exercisable by the Director of Port Control, to renew both Phase I and Phase II concessions each for a term of five years starting upon the expiration of the respective initial terms, subject to City Council approval.

Phase I of the initial term is set to expire on March 31, 2018 and Phase II on January 15, 2019. The Department is requesting that the expiration of Phase I be extended to January 15, 2019, and the five year option covering both retail and food and beverage be exercised.

The option term would run coterminous from January 16, 2019 to January 15, 2024.

### Scope:

Provide for the lease by way of concession space for the design, construction, lease and management of all retail merchandise and food and beverage concessions facilities at Cleveland Hopkins International Airport.

### Justification /Urgency:

The services provided by Airmall are essential for the management of all concessions space at Cleveland Hopkins International Airport.

In conjunction with exercising the option, Airmall will implement the following ACDBE program enhancements:

1. Airport Concession Disadvantaged Business Enterprise Programs.

- (a) Airmall agrees to develop a new low-interest loan fund program in an amount not less than five hundred thousand dollars (\$500,000) to support Airport Concession Disadvantaged Business Enterprise ("ACDBE") concession build outs, such loans to be provided by commercial banks. The terms of the loan fund program shall be subject to mutual agreement between Airmall and the Director and the Department of Port Control's Office of Compliance and Inclusion ("OCI"). If Airmall does not establish the ACDBE loan fund Airmall shall pay to the City five hundred thousand dollars (\$500,000.00) as damages.
- (b) Airmall agrees to develop and implement an ACDBE and small business outreach and development program, approved by the Director and the Airport's Office of Compliance and Inclusion, to identify and develop new concessionaires through outreach events, target marketing, and other efforts. The program must include ongoing operational support to help ensure the success of the program participants.
- (c) Airmall agrees to develop and implement a kiosk and/or pop-up program, to provide exposure to ACDBE and local small businesses within the Airport, approved by the Director and the Airport's Office of Compliance and Inclusion. The program shall provide an opportunity for new ACDBE and small businesses seeking to gain entry to the Airport concessions program. The program must include ongoing operational support to help ensure the success of the program.
- (d) Airmall agrees to develop and implement a mentoring program, approved by the Director and the Airport's Office of Compliance and Inclusion, that will provide an opportunity for each ACDBE and small business operating at the Airport to enter into a mentor protégé relationship. The program's immediate objective is to strengthen the long term stability of ACDBE and small firms through mentoring relationships with larger and more experienced airport concessionaires. The relationships will assist ACDBE and small firms in accessing resources critical to business skills that concessionaires need to compete successfully in the open market. Airmall shall work with the Airport's Office of Compliance and Inclusion to identify program participants and mentors.
- (e) Airmall agrees to continue its voluntary compliance with ACDBE and small business construction goals.
- (f) Airmall agrees to submit all Office of Compliance and Inclusion reporting electronically through B2GNow or another form of electronic reporting acceptable to the Office of Compliance and Inclusion.

2. City's Economic Development Programs. Airmall shall use best efforts to become familiar with and promote programs offered by the City's Economic Development Department that are available to concessionaires at the Airport. Airmall shall coordinate with the Office of Compliance and Inclusion on all referrals of ACDBE and small firms to the City of Cleveland Economic Development programs.
  
3. Customer Service Training. Airmall shall develop and implement a customer service training program with annual refresher training required of all concessions employees, approved by the Director or his designee, including a training verification component to ensure that all employees of concessionaires at the Airport have received the training and passed any testing requirements.

**Anticipated Cost:**

None

**Current Contract:**

Name	Contract No.	Expiration
Airmall Cleveland, Inc.	67743	Phase I – March 31, 2018 Phase II - January 15, 2019

**Airmall Cleveland Demographics:**

Total No. of employees - 4  
 No. of minorities - 1  
 No. of women -3  
 No. City of Cleveland residents -0

**AIRMALL Concessions Program Demographics:**

No. Businesses - 24  
 Total No. of Employees at CLE - 443  
 No. of minorities - 272  
 No. of women - 261  
 No. City of Cleveland residents - 226

