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**COUNTY OF MILWAUKEE
INTEROFFICE COMMUNICATION**

DATE: March 22, 2019
TO: John Weishan, Jr., Chair, Transportation, Public Works and Transit Committee
FROM: Donna Brown-Martin, Director, Department of Transportation
SUBJECT: Update on MKE Airport Food and Beverage and Retail Concession Program

POLICY

Request by the Committee Chair to provide an update on the status of the Airport's food and beverage and retail concession program.

BACKGROUND

The food and beverage and retail concession programs are two different programs that have traditionally been offered on different timeframes and under separate requests for proposals (RFPs). Therefore, they will be discussed separately in this update.

Food and Beverage Update

There are two food and beverage providers at the Airport whose contract expiration timeframes differ. They are HMS Host and SSP America. Both have various locations on both C and D Concourses and in the main terminal area. As a condition of their contract, the food and beverage vendors are required to provide the Airport with a Minimum Revenue Guarantee (MAG) payment. If the MAG is exceeded, the Airport would receive a percentage of the operator's gross receipts, over and above the MAG.

SSP America's contract expires in 2024 and HMS Host's contract is set to expire at the end of 2019. HMS Host and Airport have worked out a contract amendment that would extend the contract to 2024, consistent with SSP America. This would synchronize the food and beverage contracts to a 2024 renewal timeframe making it easier for the Airport to execute a future RFP for all food and beverage locations. The Host extension includes a 25% ACDBE partnership goal.

The mid-term reinvestment would include the following:

- Converting the French Meadow Restaurant on the C Concourse to a Starbuck's and Cousin's Sub sandwich shop.
- Updating the Chili's restaurant on C Concourse.
- Converting the Johnny Rockets on the D Concourse to a Great American Bagel Company

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Restaurant.

- Updating the Usinger's Restaurant on D Concourse
- Converting the Famous Familia Pizza and Quizno's Subs to a Milwaukee Marketplace concept that would provide healthier food options and a market style pick-and-choose option for travelers.
- Farmer's Fridge healthy choice vending options.

In addition to the physical location changes, we are working with HMS Host to provide pre-ordering options such as in terminal kiosks and an app that, once developed, will allow travelers to pre-order food items before they go through security screening. Once through, they can pick up their items on the way to their gate.

These changes will begin in mid-2019 with final updates occurring by June of 2020.

Retail Update

In September of 2018, the Airport reported the status of the retail concessions RFP development to the Transportation, Public Works and Transit Committee. The RFP for retail concessions was issued in late 2018 with proposals due back in late January of 2019. Two qualified proposals were received and reviewed by the RFP review panel. The panel performed a technical review of the documents provided and conducted interviews of both proposers. The selection committee's recommendation was to award the contract to Paradies Lagardere, the Airport's incumbent retail concessions provider.

The Paradies proposal will update nearly all the current retail offerings and will assist the Airport in moving some existing areas such as the Mitchell Gallery of Flight, Sijan and Maitland Conference rooms to an area that will likely remain pre-security, in the event the Airport moves security checkpoints in the future. Paradies' concept for Milwaukee captured the spirit of the RFP by blending local brands and identifiers with successful national brands that have performed well in other markets.

Paradies commits to the following:

- 10-year term with a capital investment of \$6.8 million dollars
- A MAG increase from \$1,210,000 to \$1,420,000
- 30% DBE participation – goal was 25%
- Branding to reflect area characteristics such as Summerfest Marketplace, Bay View Exchange and Third Ward Crossing news and gift stores. These were formerly CNBC stores on the main terminal and on the C and D Concourse.
- Other stores to include a local market place concept that would provide local vendors and ability to sell products.
- Miller branded "Girl in the Moon" Store
- A Trip Advisor branded store that would give information about Milwaukee and destination cities that Milwaukee serves.
- No Boundaries outdoor apparel
- Men's apparel and sports apparel stores like PGA and Scoreboard
- Women's apparel stores like Brighton and Spanx activewear.

- A coat check would also be included in one of the stores in the main terminal allowing travelers to drop off their coat prior to travel.

Work on converting these locations will begin late spring of 2019 and continue through June of 2020.

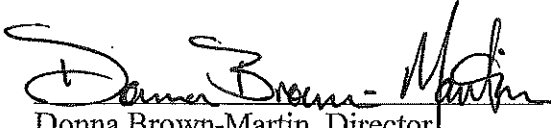
The Airport is in favor of making these changes and believes it will provide a new look and feel to the Airport. Many of the existing stores at the Airport in both retail, and food and beverage have been around for over 10 years. During that time traveler's tastes and expectations have changed. We think the traveling public will embrace these changes and, accordingly, grow revenue as a result of these offerings that reflect national trends in retail, food and beverage, as evidenced by many other Airports.

RECOMMENDATION

Informational report only.

Prepared by: Brian Dranzik, Airport Director

Approved by:


Donna Brown-Martin, Director
Department of Transportation

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