

# Memorandum



Date: **February 14, 2008**

To: Honorable Chairman Bruno A. Barreiro  
and Members, Board of County Commissioners

From: George M. Burgess  
County Manager

Subject: Supplement to Award Recommendation-RFP for Bookstore Café Specialty Retail,  
RFP No. MDAD-01-07

ATC  
Agenda Item No:  
3(A)  
Supplement No. 2

This supplement outlines an alternative proposal regarding the Bookstore Café Specialty Retail RFP that proposes to maintain the recommendation for award of the contract advertised under Request for Proposal (RFP) #01.07 Books & Café to Host/Master Concessionaires, and also recommends award of a second location through a bid waiver herein requested, under certain conditions, to Areas/Books & Books.

This recommendation achieves the following three objectives:

- 1) Preserve the procurement process of Miami-Dade County and in particular the concession program at Miami International Airport (MIA).
- 2) Support the expressed desire of the Miami-Dade County Board of County Commissioners (BCC) to have a local-brand bookstore presence at MIA.
- 3) Reinforce the County's commitment to require that mentor-firms permit meaningful participation by their ACDBE/local partners.

More specifically, this supplement maintains the recommendation for award of the original site in South Terminal to Host/Master Concessionaires. A second location for a books/café concept that was scheduled to be included in an upcoming retail RFP is located in the North Terminal and would be offered to Areas, contingent upon Areas increasing to 30 percent (of gross revenue share), its local joint venture (JV) partner Books and Books' participation. If Areas agrees to this location and condition, a separate contract award recommendation would be prepared waiving formal bid procedures.

## BACKGROUND

On May 18, 2007, RFP 01-07 was issued for a Bookstore & Café concept in MIA's South Terminal. The seven stated goals (RFP No. MDAD-01-07, Page 12) were to:

- 1) Enhance the image of the Airport as a world-class airport;
- 2) Enhance customer service and satisfaction by improving product choice, price choice, and customer service;
- 3) Optimize sales and revenues;
- 4) Optimize design and location of retail units;
- 5) Present a local and regional identity to the traveling public;
- 6) Provide national and international branded concepts;
- 7) Increase local and Airport Concession Disadvantaged Business Enterprises (ACDBE) participation to the extent possible.

On Thursday, January 17, 2008, the Airport & Tourism Committee (ATC) of the BCC considered a recommendation by the Selection Committee, the Miami-Dade Aviation Department (MDAD) and the

County Manager, to award to Host International the contract for RFP #01.07. Host International is a U.S corporation registered in Delaware. A local company, Master Concessionaire LLC is the joint venture partner of Host. The ATC voted 5 to 0 instead to award the contract to second ranked Areas which is based in Spain. Bookstore Books & Books is Areas' local partner in the venture. The key reason for the ATC vote, as expressed by several of the Commissioners, was a desire by the ATC to provide an opportunity for a local bookstore to have a presence at MIA. The Committee felt that a local-brand bookstore could best accomplish goal #5 above; a goal which they weighted heavily among the others. However, some ATC Members expressed concern that Areas offered only a 6 percent participation (measured as a percentage of gross revenue share) to its local partner Books & Books. By comparison, Host offered 30 percent participation to its local partner and ACDBE Master Concessionaire LLC.

On February 5, 2008, the ATC's Areas/Books & Books recommendation was scheduled to be considered by the full BCC. The BCC however deferred the hearing of the item, voting to return it to the ATC for further consideration and directing staff to present other options to the ATC. It is in light of these developments that this alternative is being proposed.

## **JUSTIFICATION**

### Preserve the Concession Procurement Process at MIA

The County Manager's position on the equity of awarding the subject contract to Host remains the same. The Selection Committee process was fair and equitable and the decision to award the contract to Host and its local/ACDBE joint venture partner, Master Concessionaires, should be upheld.

The County has worked hard and successfully to relay to the global Airport concession industry that Miami-Dade not only welcomes their interest in doing business at MIA and assisting to develop a world-class airport, but grants its assurance of a transparent process and a "level playing field". Not awarding the contract to Host could potentially damage that perception of fair play and deter some potential bidders from participating in future solicitations. Airport staff has already reported receiving calls from major Airport concessionaires that only last year, announced their intentions to "return" to the MIA bidding process after a long absence. They have reported that this Books & Café controversy is resulting in their reconsideration about returning and specifically, bidding on the North Terminal retail RFP that is scheduled to be issued this year. Over 100 interested parties attended the industry meeting that took place last August for this North Terminal retail RFP.

### ATC Desire to have a Local-Brand Bookstore Presence at MIA

The ATC's desire to have a local-brand bookstore at MIA is laudable and shared by the Administration. The Areas proposal is the only one among the four proposals that offers that opportunity via Books & Books. Books & Books is unique among local bookstores given its national and international reputation as a world class bookstore and its involvement with the Miami International Book Fair.

MIA is often referred to as the economic engine of the community, a key purpose of which is to power the development of local Miami-Dade businesses. It is in the best interests of Miami-Dade County to have a "destination bookstore" such as Books & Books at MIA, which enjoys a unique international and national reputation for excellence, representing Miami-Dade County to customers at MIA. Therefore, it is appropriate that through a bid waiver with its Joint Venture partner Areas, that Books & Books be granted a presence at MIA.

Reinforcing the County's Commitment to Requiring Meaningful Participation by ACDBE in Joint Ventures

The 6 percent participation level by Books & Books in the proposed Areas/Books & Books JV is unacceptable. It should be increased to 30 percent, matching that of the ACDBE share in the Host agreement, and equaling that share which the County generally requires in concession RFPs. In addition to the Federal Aviation Administration's (FAA) requirement that an ACDBE have a "commercially useful function," the County's expectation is that Airport mentor-firms (JV partners) will provide a sufficiently material role for their ACDBE /local partners, such that the latter will one day develop the ability to compete independent of a JV partner, and expand to other airports across the country and beyond. Moreover, based upon MIA's current operations, 30 percent participation by Books & Books is achievable as the Aviation Department estimates that the bookstore component will generate at least 60 percent of the combined Bookstore & Café revenue.

If this proposal is acceptable, County staff will offer the North Terminal books/café location to Areas/Books & Books JV; prepare the appropriate bid waiver and contract award recommendation; and request waiver of committee review to have it placed on the next available Board of County Commissioners agenda for approval along with the original award to Host.



Assistant County Manager