

Regular Meeting

Agenda Item: 44

Office: District#6 - Commissioner Beam Furr

- Question:**
1. Under the agreement with the current duty-free concessionaire that will receive the proposed extension, the agreement calls for an escalating fee of 17% for the first \$1 million, 20% of the second \$1 million, and 23% of all gross above \$2 million. What are comparable rates for duty-free concessionaires at similar airports
 2. The proposed extension requires the current concessionaire to invest at least \$300,000 to complete the required midterm refurbishments. How does this compare to agreements other airports have made when extending agreements without opening for competitive bids?

Answer:

1. Under the agreement with the current duty-free concessionaire that will receive the proposed extension, the agreement calls for an escalating fee of 17% for the first \$1 million, 20% of the second \$1 million, and 23% of all gross above \$2 million. What are comparable rates for duty-free concessionaires at similar airports?

Below are comparable percentage fees paid at the other 3 large-hub Florida airports:

Miami (MIA)– 29% of all gross revenues

Orlando (MCO) – 27% of gross revenues between \$0-\$10,000,000, 33% of gross revenues between \$10,000,001-\$18,000,000, and 37% of gross revenues over \$17,000,000.

Tampa (TPA) – 18% of all gross revenues

2. The proposed extension requires the current concessionaire to invest at least \$300,000 to complete the required midterm refurbishments. How does this compare to agreements other airports have made when extending agreements without opening for competitive bids?

The proposed extension modifies the existing mid-term refurbishment requirement under the current agreement. MIA recently entered into an Amended and Restated Agreement with their duty free operator extending the concession agreement for an additional 12 years. The extension requires refreshing all concession locations committing to spending \$850 per square foot for the first 1,500 square feet, and \$500 per square foot for any additional space. MCO extended their duty free operator in 2024 to make all locations coterminous. There are 3 locations at MCO: Airsides 1 and 4, and Terminal C. Airsides 1 and 4 were set to expire in 2027 and Terminal C is set to expire in 2032. The extended agreement provided for all 3 locations to now expire in 2032. The extension requires the operator to refurbish Airside 4 and Terminal C at designated times during the term of the agreement. The amount of capital investment required was not available.

Department/Office: Aviation Department