



## **Request for Proposals for Food and Beverage Concessions at Tweed-New Haven Airport**

*September 21, 2022*

### **I. Background and Summary Information**

The New HVN LLC (“TNH”) holds the lease for a substantial portion of the Tweed-New Haven Airport (“Airport”) and operates the terminal and other facilities there. The Airport is located in New Haven, CT, and in the New Haven/Milford MSA with a 2020 population of 852,000, ranking 68<sup>th</sup> in population in the US. The New Haven aviation catchment area for potential passengers is approximately 1.28 million.

TNH is seeking proposals from qualified businesses for on-airport and in-terminal food and beverage concessions (each such party a “Bidder”). The Airport intends to award one (1) food and beverage concession agreement (hereafter “Concession Agreement”) under this RFP (such awardee hereinafter “Licensee”).

Currently, the Airport has one commercial air carrier, Avelo Airlines. Annual enplaned passengers are estimated to reach approximately 400,000 for this first year of operations.

### **II. Term**

The Concessions Agreement will be awarded on or about October 11, 2022, with performance to commence on November 1, 2022 and continue therefrom for a term of one (1) year (“Initial Term”). TNH may, at its discretion, extend the Initial Term for up to six (6) additional terms of up to six-month each (each a “Renewal Term”). A “License Year” shall commence on the initial date of the operations under the Concession Agreement and extend for each twelve (12) month period for the Initial Term and any Renewal Terms.

A new terminal may be constructed at the Airport and the locations discussed herein may be closed in connection with that construction and relocation of operations to the new terminal building. Renewal Terms may be specified to end upon such relocation. The Concession Agreement will terminate upon the existing terminal closing. No rights to concession opportunities are granted in the new terminal, but absent any default on the Concession Agreement, Licensee may participate in solicitations therefor.

### **III. Reporting and Payment of Fees**

#### **1. Payment**

Licensee will pay TNH as compensation for all facilities, rights, licenses, and privileges granted to it under the Concession Agreement Concession Payments as set forth below. Payment shall be due and made monthly by the dates specified in the Concession Agreement

On or before the fifteenth day following the end of each calendar month during the entire term of the Concession Agreement, Licensee shall furnish TNH a report of its Gross Receipts (defined below) during the preceding calendar month and pay TNH the following Concession Fee, Concession Space License Fee, and Annual Capital Cost Recovery (collectively “Concession Payment”):

- a. A **Concession Fee** of the greater of License’s Bid Revenue Share of Licensee’s Gross Receipts for the calendar month and one-twelfth (1/12) of Licensee’s Minimum Annual Guarantee (MAG) (as defined herein);

- b. One-twelfth (1/12) of the annual **Concession Space License Fee** for concession areas (as defined herein); and
- c. One-twelfth (1/12) of the fixed **Annual Capital Cost Recovery** (to be negotiated by TNH and Licensee).

Within ninety (90) days following the end of each License Year and partial License Year at the termination of the Concession Agreement, Licensee shall submit an Income Statement prepared by an independent certified public accountant reasonably acceptable to TNH, following generally accepted accounting practices, showing the Gross Receipts for such License Year along with the data upon which that conclusion is based.

Within thirty (30) days of the receipt of each annual Income Statement, Licensee shall determine the adjustment, if any, between the total of the monthly payments made and the total annual Concession Payment due. If payments made during the preceding License Year exceed the Concession Payment due for that year, the excess shall be credited against Licensee's Concession Payment for the following License Year. Any excess payments received during the final License Year will be returned to Licensee within sixty (60) days of submission of the final certified Income Statement to TNH. If the adjustment indicates that Licensee owes additional Concession Payment for any License Year, payment of the balance shall be made to TNH within ten (10) days of Licensee's determination of the adjustment amount due. If the difference exceeds five percent (5%), ten percent (10%) will be added to the amount due.

TNH shall have the right to audit Licensee's records upon which payments due are based and make its own calculation of the adjustment, if any, for each License Year. Failure of TNH to make such calculation shall not relieve Licensee of the duty to determine such adjustment. If TNH's calculation of the adjustment differs from Licensee's determination, the parties shall meet within thirty (30) days to reconcile any such discrepancy.

All Concession Payments shall be paid when due without notice, demand, counterclaim, or set off. Interest of 1.5% per month will accrue on any late payments.

## 2. *Concession Fee*

Under the Concession Agreement, Licensee will pay TNH an annual fee (the "Concession Fee") equal to the greater of:

- a. Licensee's Bid Revenue Share of Licensee's Gross Receipts for that License Year, and
- b. The Minimum Annual Guarantee (MAG) for that License Year.

"Bid Revenue Share" is a percentage of Licensee's Gross Receipts equal to sixteen percent (16%) for any amounts up to \$2,000,000 per year and twenty percent (20%) for any amounts above \$2,000,000 per year.

"Minimum Annual Guarantee" (MAG) is the Licensee's Estimated Gross Receipts (excluding taxes) multiplied by Bid Revenue Share. Proposals shall include three (3) separate MAG values - one for each year of the Concession Agreement.

"Gross Receipts" is defined as the total amount charged to customers by Licensee for or in connection to the sale of all food, beverages, and any other goods or services, but excluding federal, state, municipal, or similar taxes collected by Licensee.

Licensee shall accept credit cards for payment for goods and services from all major credit cards (Mastercard, Visa, American Express, and Discover). The risk of such acceptance shall be borne solely by Licensee. No deduction from Gross Receipts will apply for charges associated with accepting credit cards, including chargebacks.

Licensee shall be solely responsible for the payment of all sales, use, or other taxes to the applicable governmental jurisdictions, whether in effect at the time of the execution of the Agreement or thereafter enacted, which are levied upon the fees, charges, or concession percentage payable by Licensee.

Licensee shall charge fair, reasonable, and non-discriminatory prices for each unit of sales or service, which will, in any event, be subject to approval by TNH.

3. *Concession Area License*

Two (2) locations are designated for food and beverage concessions in the departures hold room/gate areas of the Airport Passenger Terminal (see drawings in Appendix B). The "Café" location is approximately 500 square feet in total area, consisting of an employee work/food preparation area, service counter, a customer pay station, as well as an additional customer queuing area in front of the counter. The "Grab-N-Go" location is approximately 100 square feet and will consist of a food/beverage chiller and customer pay station, including a customer queuing area. Such spaces will be subject to adjustment. This RFP does not include a concession area before the security checkpoint.

Licensee will pay thirty-one dollars (\$31.00) per square foot (approximately 600 total sq. ft.) per year for licensing of the assigned concession areas, equal to approximately \$1,550.00 per month, plus a flat fee of \$900 per month to offset electric, water, and other common utility costs. The sum of these amounts is the Concessions Space License Fee. Utility costs may be adjusted periodically with reasonable justification. Storage locations may be available to the Licensee for an additional cost.

Both concession areas are equipped with overhead lighting, heat, and air conditioning. The Café area will also be equipped with all necessary utility connections, including water, sanitary, and electrical. The leased space is fully finished and equipped with commercial-grade appliances. Any specialty equipment, (e.g., coffee/cappuccino makers) may be supplied by Licensee. Licensee will have the right, at its own expense, to install, operate, and maintain telephone lines, internet connections, and illuminated company identification signage as coordinated with and subject to TNH's approval. Such signage shall be of a size and design approved by TNH.

4. *Buildout Reimbursement*

In consideration of the robust buildout already undertaken at the concession location, Licensee will pay a one-time furnishing fee of \$40,000. This will not apply to the incumbent Licensee.

5. *Escalation*

On each anniversary of the Concession Agreement, the MAG and Concession Space License Fee will be subject to increase, but not decrease, by the increase in the CPI over the one year ending in the month before that anniversary. TNH will give notice of any such increase to Licensee.

**IV. Other Terms**

1. *Performance Security*

Licensee will be required to deposit with TNH a security deposit (to be negotiated by TNH and Licensee) as security for Licensee's performance and payment. That security deposit may be provided in cash or a letter of credit acceptable to TNH. TNH reserves the right to require a further performance guarantee based upon any Licensee's financial condition, experience, and payment history.

2. *Qualifications*

In addition to other requirements herein, each Bidder must satisfy to TNH that:

- a. It has the financial resources required to comply with these terms and conditions for the duration of the license and any renewals thereof.
- b. It has similar previous experience or directly involved management with such experience.
- c. It has the management resources to operate the Concession successfully.
- d. It has or will have sufficiently trained and qualified personnel to perform the required services satisfactorily.

- e. It has the ability to provide services throughout changes to airline schedules during various months of the year as well as accommodate irregular operations such as flight delays.

TNH reserves the right to investigate information submitted, to independently evaluate the qualifications of each Licensee, and to disqualify any Licensee who does not, in the sole opinion of TNH, meet all of these requirements, terms, and conditions.

3. *Service Standards*

Licensee will be required to agree to the following requirements and operating standards. Proposals must include a signed statement on Licensee's letterhead to this effect.

- a. Use and Operation – The license granted by TNH shall be used to sell food and beverages.
- b. No sale of non-food or non-beverage items is permitted without the prior consent of TNH in its sole discretion.

The Café location shall provide, at a minimum:

- a. Freshly brewed coffee, espresso, bottled juices, sodas, and water. Other specialty drinks should also be considered. Beer, wine, and other bottled or canned alcoholic beverages will be permitted provided that all required licensure is obtained by Licensee.
- b. Breakfast/Lunch selections, including items such as freshly baked breads/bagels with various spreads, pastries, hot/cold sandwiches, wraps, soups, salads, and desserts. Other specialty items should also be considered.

The Grab-N-Go location shall provide, at a minimum, bottled/chilled coffee beverages, juices, sodas, and water. Beer, wine, and other bottled or canned alcoholic beverages will be permitted provided that all required licensure is obtained by Licensee. Pre-packaged food items, including items such as sandwiches, salads, breakfast cereals/oatmeal, yogurt and granola, fruit, a variety of snacks, and candy. Other retail items at either location shall only be made available for sale upon written approval by TNH. Licensees should submit any retail concepts in their Proposal including news, gift, apparel, and electronics.

Food and Beverage service is encouraged to achieve a target score minimum of 4.0 on a 1-5 scale on the Customer Experience Survey. The effort to consistently improve customer experience in the terminal is of high importance to TNH and, therefore, must be of similar importance to all service partners. TNH will share the performance scores with Licensee every quarter, including open comments and potential complaints related to the Food and Beverage services. Licensee will make specific plans and efforts to address underperformance in passenger perception and will share these plans and improvement programs with TNH no longer than two weeks after the reported underperformance.

4. *Hours of Operation*

Licensee shall be open for business daily a minimum of 90 minutes before the first scheduled air carrier departure, or 6:00 AM, whichever is earlier, and shall remain open until one-half hour after "wheels up" of the last commercial air carrier departure, which may be later than the scheduled departure. Licensee to coordinate hours of operation with TNH on any days without air carrier departures or with limited air carrier departures.

5. *Condition of Concessions Area*

The concession areas made available hereunder shall, at Licensee's sole expense, be maintained in a clean, neat, and orderly condition. Any necessary repairs under the responsibility of Licensee shall be promptly repaired.

6. *Personnel*

Personnel performing services under a Concession Agreement granted hereunder shall be neat, clean, and courteous. Licensee shall not permit its agents or employees to conduct business in a

loud, boisterous, offensive, or objectionable manner; or to solicit business outside the assigned space in any manner whatsoever except through the use of signs constructed and maintained by Licensee and approved by TNH (no flashing lights will be permitted). All personnel assigned to perform services at the Airport must, before being allowed on the Airport, pass a fingerprint-based criminal history records check (CHRC) as per 49 C.F.R. § 1542.209, allowing unescorted access to the security identification display area (SIDA), and other areas as required by federal regulation. Licensee should provide a detailed account of all training programs provided to all employees. Areas of training may include OSHA, customer service, food safety, prevention and protection against communicable diseases, etc.

7. *Payment of Obligations*

Licensee will pay all required costs and expenses in connection with the license granted hereunder and the rights and privileges herein granted, including but not limited to taxes, permit fees, license fees, registration fees, employee security fees, employee parking fees, and assessments lawfully levied or assessed at any time situated thereon. Licensee shall secure all necessary permits and licenses at no cost to TNH.

8. *Maintenance of Premises*

Licensee will be responsible for the general maintenance and housekeeping of the assigned concessions areas, including repair, maintenance, and/or replacement of all major appliances, with like specifications, as supplied by TNH. TNH will be responsible for performing major structural repairs to the facility and ensuring all provided utilities are in working order.

9. *Discount for Airport Employees*

Licensee shall provide a minimum 15% discount for airport-based employees presenting a valid airport ID.

10. *Insurance*

Licensee shall maintain general liability insurance for its business with coverage amounts of not less than \$2,000,000 and automobile insurance coverage with liability limits of \$1,000,000 for personal injury and/or property damage in any one accident. Such policies shall name the TNH, Tweed-New Haven Airport Authority, Avports HVN LLC, and Avports LLC and such other parties specified by TNH as additional insured parties, and an endorsement so stating shall be provided on or before execution of any License awarded hereunder. Licensee shall also provide worker's compensation insurance and such other insurance as is customary or required by law.

Licensee will provide certificates of insurance to TNH before any services shall commence and shall remain in full force and effect at all times. Those certificates of insurance shall state that TNH shall be notified no less than thirty (30) days in advance of any termination or change in coverage. TNH, TNH LLC, and such others as they may specify from time to time will be named as additional insureds.

11. *DBE Requirements*

The requirements of 49 CFR Part 23, regulations of the U.S. Department of Transportation, apply to this concession. It is the policy of the Tweed-New Haven Airport Authority and TNH to practice nondiscrimination based on race, color, sex, or national origin in the award or performance of this contract. All Bidders qualifying under this solicitation are encouraged to submit bids/proposals. Award of this concession will be conditioned upon satisfying the requirements of this proposal/bid specification. These requirements apply to all concessions firms and suppliers, including those who qualify as an ACDBE. An ACDBE concession-specific goal of 0.19% percent of (annual gross receipts; the value of leases and/or purchases of goods and services) has been established for this concession. The concession firm shall make good faith efforts, as defined in Appendix A, 49 CFR Part 26, to meet the concession-specific goal for ACDBE participation in the performance of this concession.

The Licensee will be required to submit the following information: (1) the names and addresses of ACDBE firms and suppliers that will participate in the concession, (2) A description of the work

that each ACDBE will perform; (3) The dollar amount of the participation of each ACDBE firm participating; (4) Written and signed documentation of commitment to use an ACDBE whose participation it submits to meet a contract goal; (5) Written and signed confirmation from the ACDBE that it is participating in the concession as provided in the prime concessionaire's commitment; and (6) If the contract goal is not met, evidence of good faith efforts.

12. *Non-discrimination/ Equal Employment Opportunity Policy*

It is the policy of TNH to assure that no person, based on race, creed, color, national origin, sex, marital status, age, handicap, or disability shall be excluded from participating in any activity conducted with or benefiting from funds received from the Airport.

Licensee shall be required to assure TNH in writing that it will not exclude any person from receiving its services, maintain segregated facilities, or discriminate in the employment of any individual or the award of any contract for services to be performed on its behalf regarding services at the Airport, on the grounds of race, creed, color, national origin, sex, marital status, age, handicap, or disability.

13. *Other Requirements*

Licensee shall be required to assure TNH in writing its compliance with federal, state, and local law, including retail and food service codes and regulations.

14. *Liquidated Damages*

Lessee's compliance with all provisions set forth herein and within the Concession Agreement is essential to ensuring all airport patrons receive first-class service. Due to the difficulty of estimating actual damages incurred by TNH, and in addition to and without limiting other remedies available to TNH in event of Lessee's non-compliance, TNH reserves the right to assess a \$500 fee, as liquidated damages and not as a penalty, for each event of Lessee's non-compliance with any provision set forth herein and within the Concession Agreement. Lessee agrees to pay all such fees with 10 days of notice from TNH. TNH's failure to impose liquidated damages for a previous non-compliance with a specific provision does not limit TNH's right to impose liquidated damages for future non-compliance with the same provision.

15. *Evaluation and Award*

The evaluation process will be based upon submittals of Proposals in the form given in the Appendix hereof. Licensees may be requested to meet for in-person interviews.

The following criteria will be part of the consideration by TNH for the selection of Licensee:

Economic Factors

1. Estimated Gross Receipts (excluding taxes) for each of the three (3) years
2. Bid Revenue Share
3. Financial Capability of the Licensee

Technical Factors

1. Quality and variety of menu items
2. DBE Proposal
3. Ability to comply with the Service Standards

This Request for Proposals does not constitute an offer by TNH. TNH reserves the right to request supplemental information as part of the evaluation process and negotiate the final terms of the Concession Agreement with Licensee. TNH reserves the right to withdraw or cancel this Request for Proposal without liability. In no event will any Bidder be entitled to the reimbursement of any costs it may incur or damages, including for not being the awardee.

16. *Additional Information*

Any amendments to this RFP will be issued to all Bidders on record in the form of written addenda. It is the responsibility of each Bidder to ensure that it has provided its contact information to TNH to receive addenda and additional information. TNH reserves the right to modify this RFP, including any addenda, at its sole and absolute discretion.

Bidders are advised that the Airport is subject to events that may limit passenger activity including, terrorist events that may increase security measures or limit flight activity at the airport, pandemics, inclement weather including snowstorms that may temporarily close the airport, and airport construction projects that may impact flight activity. Such events may allow for temporary amendments to concession agreements as approved by TNH.

Bidders should also note that storage space is limited and should consider the need to restock concessions regularly.

Questions regarding this Request for Proposals must be submitted in writing no less than five (5) business days before the submission date for Proposals to Jeremy Nielson, General Manager, [jnielson@avports.com](mailto:jnielson@avports.com).

No verbal responses will be given to requests for clarification. TNH reserves the right to waive the time within which to receive and respond to requests for clarification when it is in the best interest of TNH.

17. *Utilities*

TNH will supply utilities including electric, water, heating, ventilation, air conditioning, and sewer, charging Licensee a flat monthly fee to offset expenses. Before commencing operations, TNH shall work directly with Licensee to equip the concession areas with the necessary utilities, kitchen equipment, beverage devices, and appliances to provide a suitable commercial space to effectively conduct food and beverage concessions for airport patrons, employees, and stakeholders. This expense, in addition to the costs associated with facility improvements in and around the concessions area, shall be prepaid by TNH and recovered from Licensee as the Annual Capital Cost Recovery payment throughout the term of the Agreement.

18. *Proposal Submission*

Electronic copies of the Bidder's proposal, in generated and searchable (*i.e.*, not scanned) PDF format, must be emailed to [jnielson@avports.com](mailto:jnielson@avports.com) no later than **4:00 PM EDT, Wednesday, October 7, 2022**. Original copies of all proposals, including signature pages, shall be made available to TNH upon request. Proposals received after the prescribed time and date will not be accepted.

Proposals must include, in narrative form on Bidder's letterhead, a complete description of the intended Food and Beverage operation at the Airport and include a complete list of required food and beverage equipment, devices and appliances to be provided by TNH to Licensee for Licensee to execute its intended operation. Particular attention shall be given to the level of high-quality service to be provided to Airport patrons.

Licensees must submit the information as shown in the Appendix hereto.

**Instructions for submission:**

**Appendix A: Form of Proposal Letter Due: October 7, 2022 by 4:00 PM EDT**

All Proposals must be completed in full using this format and typed on Licensee's letterhead. One electronic file, in PDF generated, searchable and unsecured format, must be submitted to [jnielson@avports.com](mailto:jnielson@avports.com).

Where a section calls for a certified statement to be included, Licensee shall copy the text provided by TNH exactly as it appears in this Appendix. An authorized representative of the Licensee must sign the Proposal Letter. Pages with such certifications may be scanned.

**Content:**

- I. Name, Address, and contact information of Bidder's firm, including corporate and local offices if applicable, and for individuals who will manage the Food and Beverage concession at the Airport.
- II. Experience of Bidder:
  1. Describe the nature and extent of the corporation or partnership's experience in operating Food and Beverage concessions, the number of locations, and the number of persons currently employed in such operations. Please include:
    - a. Name(s) under which the business is/was conducted.
    - b. Start and end dates of prior related or affiliated business(s).
  2. Provide the name, address, and telephone number of no less than four references - two references as to the financial capacity of the Bidder and two as to the Bidder's ability to manage a Food and Beverage concession. Additionally, include at least one letter stating Bidder's creditworthiness from a bank or recognized financial lender.
  3. Provide financial statements sufficient to establish Bidder's ability to commence, equip, conduct, and/or manage the proposed operation. TNH reserves the right to request clarification of the financial information submitted or to request specific additional financial information.
- III. A complete description of Bidder's operational plan including menu items and pricing of intended Food and Beverages for concessions at Tweed-New Haven Airport, including a signed statement of compliance with TNH's Service Standards for this Concession by an officer of Bidder.
- IV. The amount of the Bid Revenue Share (BRS) and Bid Spend Rate (BSR) that determines the proposed Minimum Annual Guarantee (MAG) for each of the three (3) years of the license and any renewal terms.
- V. Bidder's Certification

The proposal must include Bidder's Certification in the form attached hereto as Annex A.

**ANNEX A**

**Licensee Certification**

The undersigned, for the specified Bidder, affirms, warrants, and certifies as follows:

**A. Equal Employment Opportunity/Affirmative Action Statement:**

Bidder assures TNH that it will not exclude any person from receiving its services, maintain segregated facilities, or discriminate in the employment of any individual or the award of any contract for services to be performed on its behalf regarding services at the Airport, on the grounds of race, creed, color, national origin, sex, marital status, age, handicap, or disability.

**B. DBE Plan:**

Bidder will make good faith efforts to ensure participation by DBE firms in not less than 0.19% of the activities or services provided under license from TNH. The Bidder's plan for DBE participation as specified in its response to the Request for Proposals.

**C. Compliance with Service Standards:**

Bidder certifies that it will comply with the Service Standards specified in Section IV(3) of the Request for Proposals for the duration of any Concession Agreement awarded by TNH.

**D. Non-Collusion Affidavit:**

1. The prices in Bidder's proposal in response to the Request for Proposal have been arrived at independently without collusion, consultation, communication, or agreement to restrict competition, as to any matter related to such prices, with any other Licensee or any competitor.

2. Unless otherwise required by law, the prices quoted in the proposal have not been knowingly disclosed, actively or passively to any other Licensee or any competitor, and;

3. No attempt has been made or will be made by the Bidder to induce any other person, partnership, or corporation to submit or not to submit a proposal to restrict competition.

**E. Certification of Eligibility**

Neither Bidder it nor its principals nor any of its subcontractors are presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in contract with any federal or state department or agency.

**F. Additional Certification**

By submitting this Proposal, the Bidder certifies that Bidder has carefully read the Request for Proposals (including any addenda) and, if awarded the Concession Agreement, agrees to abide with the terms of the Concession Agreement, and further certifies the Bidder's qualification to perform the services procured as required under the Request for Proposal and represented in its Proposal

**G. Authorization of Bidder**

The undersigned, being authorized to do so, executes this proposal for and on behalf of and as an official act of Bidder, this \_\_\_\_\_ day of October 2022.

Signature of Authorized Signatory

\_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_