

AIRPORT CONCESSIONS 101

The Jacksonville Aviation Authority (JAA) receives many inquiries from businesses interested in operating within the Jacksonville International Airport (JAX) terminal. Because the aviation industry is heavily regulated, it's a very different environment in which to operate a business than many may be accustomed. Some of these conditions include fluctuations in business activity based on flight schedules, strict security requirements, long hours of operation, and a unique lease and rental structure. This document can help business owners better understand the process, from proposal submission to rental payment.

New Concession Opportunities

Concession opportunities at JAX are typically solicited through a competitive procurement process. When the airport has concession space available for lease, a Request for Proposal (RFP) is posted on the Bid Opportunities page of the JAA website (flyjax.com/bids.aspx - concessionaires are encouraged to bookmark this page and periodically check it for available retail, dining, and service opportunities). The RFP provides the criteria for the proposed space, the type of service desired and the qualifications and operational requirements of the Proposer. RFP's typically require Proposers to specify their scope of service, experience, financial capacity, proposed improvements with cost, and proposed hiring and business operation plans. JAA lease terms and conditions and JAX operational requirements (access, badging, deliveries, etc.) may also be included.

Interested parties will submit a proposal making their business case and provide all of the required information as outlined in the RFP. Each proposal will then be reviewed and scored by an evaluation committee and ranked based on overall score. The committee may then elect to award the space to one of the proposers, delay a decision for further review, or decide not to proceed with any of the proposed concepts.

If awarded, the successful Proposer will often be required to provide a capital investment toward the redesign and refurbishment of the leased space. Proposers may also be required to secure design approval, permits, insurance, construction bonds, and other requirements based on the proposed project scope.

Rent

The rent payment structure at JAX differs from non-airport venues such as shopping centers and malls. Rent is typically not a fixed amount based on available square footage. Rather, JAX concessionaires pay the greater of the following (as typically defined in, and submitted as part of, the RFP process):

- Minimum Annual Guarantee (MAG) – A MAG is the lowest amount of annual rent that a tenant will pay during its lease year at JAX, regardless of fluctuations in sales levels. Concessionaires are required to pay 1/12th of the MAG by the first day of the month.
- Percentage Rent – A percentage rent amount calculated as a percentage of gross sales. The percentage can be a single rate applied to all levels of sales, or may be tiered to increase as gross sales increase.

For more information, please contact concessions@flyjax.com or 904-741-2062



JAX

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Airport**

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