



Council Communication No. 97-301

SYNOPSIS –

On March 27, 1997, the City of Des Moines Purchasing Agent took receipt of three proposal packages within the required time frame for the food/beverage concessions at the Des Moines International Airport. Upon review by staff and the Airport's concession consulting firm, Airport Concession Consultants (ACC), only the proposal submitted by St. Clair Development Corporation d/b/a Creative Croissants (Creative Croissants) was deemed responsive to the items requested in the proposal documents.

The following is a summary of Creative Croissants' proposal in comparison to the evaluation criteria contained within the proposal documents:

1. Disadvantaged Business Enterprise (DBE) Participation. Creative Croissants is a certified DBE company at other airports, and as such, is anticipated to be certified as a DBE in Des Moines, giving 100 percent DBE participation in the food/beverage concession. Creative Croissants is in the process of obtaining DBE certification from the City. Federal Aviation Administration (FAA) regulations require the Airport to establish a DBE Program to maximize DBE participation in concession contracts.
2. Capital Improvements. Creative Croissants' design and development plan shows an attractive development of a food court with separate counter areas for product diversity. Their proposed capital investment of \$1.3 million is significantly more than the minimum requirement. See Fiscal Impact section on page two for additional information. The architectural renderings and area layout plans represent proposed ideas of the assigned areas. The City retains the right to final review and approval of the plans and specification prior to construction.
3. Financial. The proposed minimum annual guarantee is more than the minimum requirement. Additionally, their proposed percentage of gross revenue payments is in excess of the minimum stipulated level. See additional information under Fiscal Impact.
4. Business Plan. Creative Croissants has proposed a diverse and attractive menu to include separate areas for: hamburgers, gourmet hotdogs, baked potatoes, pizza, gourmet coffees, salads, deli sandwiches, Amana-style meals, and hand-rolled pretzel and ice cream/yogurt/juice stands. Their lounge area in the landside location will be decorated as a micro-brewery. In addition, Creative Croissants has committed in writing to include local concepts and to utilize local vendors to the maximum reasonable extent possible.
5. Qualifications. Creative Croissants currently has contracts with 15 other airports providing similar concepts or individual operations. Within their proposal, Creative Croissants has included letters from two separate financial institutions in the San Diego area attesting to their financial

worth, long-standing relationships, and a commitment to support the capital investment that is required in the RFP. In addition to financial letters of support, Creative Croissants also included a list of recommendations and letters of support from various airports and other customers of Creative Croissants.

Enclosed for your information is: 1) a copy of the May 13, 1997, letter to the Mayor and City Council members from the Airport Board Chairperson; and 2) exhibits showing the existing and proposed concession areas within the Airport Terminal Building.

FISCAL IMPACT –

The following is a breakdown of Creative Croissants' proposed financial commitment:

Category RFP Requirements Creative Croissants

Rent - gross revenue

food & non-alcoholic beverages

alcoholic beverages

11%

17%

14%

19.5%

Minimum Annual Guarantee

\$136,000 or

\$0.17 per enplaned passenger

\$.021 per enplaned passenger

Minimum Capital Investment \$1,000,000 and a Mid-term investment \$1,300,000

Mid-term investment of \$209,750

Based on the proposed concepts and the percentage gross revenue payments to the Airport, staff and our consultants, ACC, both feel that the revenues accruing to the Airport will increase considerably over the term of the proposed agreement through capturing of greater revenue per enplaned passengers than our current provider.

RECOMMENDATION –

On September 20, 1993, by Roll Call No. 93-3490, the Des Moines City Council approved Ordinance 12,040 assigning certain rights and responsibilities pertaining to the Airport to the Des Moines International Airport Board, including the right to enter into leases up to three years in duration. As the proposed term of this agreement will be ten years, it will require approval by City Council. On May 6, 1997, by Resolution No. A97-129, the Airport Board recommended approval to the City Council of the proposed agreement with St. Clair

Corporation d/b/a Creative Croissants for food/beverage concession operations at the Des Moines International Airport.

BACKGROUND –

On August 6, 1996, by Resolution No. A96-189, the Des Moines International Airport Board (Airport Board) approved an Agreement for Professional Services between the City and ACC. Under the Agreement, ACC produced a Concessions Analysis & Plan which had the following objectives:

- A. Improve the appearance and appeal of the concession facilities
- B. Expand the variety of product offerings in the concessions
- C. Meet the needs/desires of the traveling public and other concession customers
- D. Provide viable opportunities for Disadvantaged Business Enterprise (DBE) businesses
- E. Maximize revenues to the airport/minimize airport capital outlay

The development of the final plan included: 1) an analysis of the existing operations; 2) a survey of concession operations at other airports; and 3) surveys of passenger/airport users and airport employees. Utilizing the above data, ACC completed the Plan to include summaries of the current concessions and the potential alternatives for future concession operations at the Airport. Based on the final conclusions of the study, ACC then produced a specific recommendation based on the generated data. That specific recommendation was then translated into the RFP.

On December 10, 1996, by Resolution No. A96-338, the Airport Board approved the Concession Analysis Plan and approved the RFP for Food/Beverage and Gift/News Concessions at the Des Moines International Airport. On December 30, 1996, the City's Purchasing Agent issued the Invitation to Bid and Notice to Bidders for the "Operation and management of food and beverage concessions and gift/news concessions at the Des Moines International Airport in accordance with the attached requirements, terms and conditions." Also contained within the original proposal documents were sample concession agreements for each operation. The due date for proposals under the December 30, 1996 Notice was 10:30 AM on February 5, 1997.

On January 9, 1997, Addendum No. 1 was issued extending the time and date for the proposal opening until 10:30 AM, March 12, 1997. On February 3, 1997, Addendum No. 2 was issued extending the time and date for the proposal opening until 10:30 AM, March 27, 1997. Addendum No. 2 also provided clarifications and modifications to the specifications and requirements of the Notice Inviting Proposals.