

**CITY COUNCIL
COMMUNICATION:**

ITEM _____

02-140

**OFFICE OF THE CITY MANAGER
CITY OF DES MOINES, IOWA**

AGENDA:

MARCH 18, 2002

SYNOPSIS -

By letter dated February 4, 2002, Gate Gourmet, Inc., the Des Moines International Airport's catering provider, notified the Aviation Department in writing that they had ceased operations and requested that November 30, 2001, be considered the termination date.

SUBJECT:

AIRCRAFT
CATERING
AGREEMENT
TERMINATION
PAYMENT FROM
GATE GOURMET,
INC.

The Aviation Department responded in writing that with receipt of the February 4, 2002 letter, and in accordance with the Agreement, Gate Gourmet could not terminate its Agreement with the Airport for 60 days, or April 5, 2002. After an exchange of communications, Gate Gourmet proposed a termination settlement of \$9,000 and submitted a check for that amount to the Aviation Department.

TYPE:

As set forth in the attached letter dated March 9, 2002, Gate Gourmet explained that the reason for their leaving the Des Moines International Airport was due to the incidents of September 11, 2001, which had affected their company finances.

RESOLUTION
ORDINANCE
RECEIVE/FILE

As a part of the establishment of the Airport Board, the City Council reserved to themselves the right to approve settlements.

SUBMITTED BY:

WILLIAM
FLANNERY
AVIATION
DIRECTOR

FISCAL IMPACT -

In accordance with the Agreement, Gate Gourmet was required to pay a monthly fee of \$3,000 or 5 percent of the gross sales, whichever is greater.

Staff informed Gate Gourmet that they were obligated to continue to pay the minimum monthly payments of \$3,000 from November 1, 2001 to April 5, 2002. The last payment received was for the month of October 2001. On April 5, 2002, Gate Gourmet, Inc. would owe the City of Des Moines \$15,500.

Nov. 2001	Dec. 2001	Jan. 2002	Feb. 2002	Mar. 2002	Apr. 2002	
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\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$500	= \$15,500
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RECOMMENDATION -

On March 5, 2002, by Resolution A02-41, the Airport Board recommended that due to the withdrawal of Gate Gourmet from the State of Iowa, City Council approve the termination settlement of \$9,000 with Gate Gourmet, Inc.

BACKGROUND -

For many years, Dobbs International Services, Inc. had provided a food and beverage flight catering service to the airlines serving the Des Moines International Airport. During 2000, the company was purchased by Gate Gourmet, Inc. On December 5, 2000, by Resolution No. A00-408, the Airport Board approved a Flight Catering Agreement with Gate Gourmet, Inc. The term was for a period of three years to terminate on December 31, 2003.

Although the Agreement had a three-year term, Gate Gourmet had the right to terminate the Agreement for any reason upon 60 days written notice of Gate Gourmet's intention to cease service. Gate Gourmet ceased service at the Airport on October 31, 2001, without written notice to the Airport.

Attachment
