

Council Communication

Office of the City Manager



Date February 20, 2006

Agenda Item No. 51
Roll Call No. 06-
Communication No. 06-106

Department: Aviation

AGENDA HEADING:

Approval of Sublease Between The Compass Group USA, Inc. d/b/a Select Service Partner and Aero Service Partners, a subsidiary of Orient Restaurant Inc.

RECOMMENDATION:

Recommend approval of sublease.

FISCAL IMPACT:

Amount: There is no direct fiscal impact to the City for this action. However, the Food and Beverage Concession will include DBE participation in their concession operations which will positively impact the Airport's DBE concession plan.

Funding Source: N/A

ADDITIONAL INFORMATION:

On June 2, 1997, by Roll Call No. 97-1974, City Council approved the Concession Agreement for Food and Beverage Operations at the Des Moines International Airport with St. Clair Development Corporation d/b/a Creative Croissants, whose name was later changed to Creative Host Services, Inc. The Agreement terminates on March 31, 2009.

On March 26, 2001, by Roll Call No. 01-885, City Council approved the Assignment and Assumption Agreement of the Concession Agreement for the Concession Agreement for Food and Beverage Operations at the Des Moines International Airport from Creative Host Services, Inc. to GladCo Enterprises, Inc.

On June 17, 2002, by Roll Call No. 02-1571, City Council amended the City Code to allow for term extensions of up to three years for certain concession agreements in effect on September 11, 2001. On November 18, 2002, by Roll Call No. 02-2741, City Council approved the First Amendment to the Agreement that allowed for option periods to possibly extend the Agreement beyond the termination date. The First Amendment could have extended the Agreement out to March 31, 2011.

On January 10, 2005, by Roll Call No. 05-101, the City Council approved the Assignment of Food and Beverage Concession Agreement from GladCo Enterprises, Inc., to Compass Group USA, Inc. d/b/a Select Service Partner; and the Second Amendment to the Food and Beverage Concession Agreement with Compass Group USA, Inc.

On May 3, 2005, by Resolution No. 05-106, the Airport Board adopted a recommendation to City Council to Approve Disadvantaged Business Enterprise Sublease Agreement between Compass Group, USA, Inc. d/b/a Select Service Partner and Aero Service Partners, LLC.

On October 24, 2005, by Roll Call No. 05-2587, the City Council approved the Third Amendment to the Food and Beverage Concession Agreement with Compass Group USA, Inc. whereby the agreement was extended until June 30, 2017, Compass Group agreed to fund approximately \$2.5 million in improvements at an expanded airside restaurant and Compass Group also agreed to encourage DBE participation in their concession operations.

Compass Group USA, Inc. has entered into a sublease agreement with Aero Service Partners (401 N. Robert Street, Suite 203, St. Paul, MN, 55101, Cheng Lor, President), a subsidiary of a qualified DBE firm Orient Restaurant Inc., to operate a "Friedrichs World Coffee" in a portion of the landside leased premises.

The sublease is subject to City of Des Moines consent and encompasses the same term as the extended concession agreement, which has over three years remaining and therefore requires City Council consent.

PREVIOUS COUNCIL ACTION(S):

Date: January 10, 2005

Roll Call Number: 05-101

Action: Approval of Assignment of, and 2nd Amendment of, Airport Food and Beverage Concession Agreement with Compass Group.

Date: October 24, 2005

Roll Call Number: 05-2587

Action: Approval of 3rd Amendment of Airport Food and Beverage Concession Agreement with Compass Group.

Date: February 6, 2006

Roll Call Number: 06-262

Action: Set Hearing for Consent of a Sublease Agreement between Compass Group USA, Inc. and Orient Restaurant Inc.

BOARD/COMMISSION ACTION(S):

Date: December 7, 2004

Resolution Number: Airport Board 04-251

Action: Recommending approval of (1) Assignment and Assumption of Food and Beverage Concession Agreement from GladCo Enterprises, Inc. to Compass Group USA, Inc. d/b/a Select Service Partner, and (2) Second Amendment to the Food and Beverage Concession Agreement with Compass Group USA, Inc.

Date: May 3, 2005

Resolution Number: Airport Board 05-106

Action: Recommendation to City Council to Approve Disadvantaged Business Enterprise Sublease Agreement between Compass Group USA, Inc. d/b/a Select Service Partner and Aero Service Partners, LLC.

Date: October 4, 2005

Resolution Number: Airport Board 05-251

Action: Recommendation to City Council to approve the Third Amendment to Concession Agreement.

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

N/A