

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date	April 26, 2010
	Agenda Item No. 47 Roll Call No. <u>10-</u> Communication No. <u>10-228</u> Submitted by: Donald L. Smithey, Interim Aviation Director	

AGENDA HEADING:

Amend subsections 2-726(a)(16) and 2-746(c)(3) of the City Code regarding the procurement of concessions at the Airport.

SYNOPSIS:

Contracts for airport-based retail concessions do not fit well with the City’s current procurement process as the Code is set up primarily for the purchase of goods and services. Airport concessions involve retail sales to the traveling public, with several smaller spaces in the terminal planned and available for that use. The proposed additions to Sections 2-726 and 2-746 would remove airport concessions from the other procurement processes and clear up potential conflicts with Code section 22-50.

FISCAL IMPACT:

A precise fiscal impact is not determinable, but on recent experiences of staff, it appears that directly negotiating with interested parties could possibly result in more retail tenants striking airport concession agreements with the City.

ADDITIONAL INFORMATION:

When airport retail spaces are vacated or otherwise become available, Aviation Department staff typically field requests from retailers wanting to operate at these locations. Also, from time to time, local vendors express interest in setting up limited retail operations in the terminal building. The current City procurement ordinance requires that, before entering into any contracts, the City must publish a formal request for proposals (RFP) and review and evaluate any responses.

Aviation Staff recently completed this RFP process for retail space and received no responses. During subsequent discussions with the potential tenants, the retailers indicated that they believed the RFP process was too cumbersome compared to the scope of their intended business. They were also hesitant because they felt their response to an RFP could lead to uncertain results beyond their control. They generally indicated a preference for negotiating directly with staff on these smaller concession leases.

It would be in the City's best interests to fill these retail spaces quickly to make appropriate products available for customers of the airport. With this amendment the Board could establish a process commensurate with the expected revenue from, and interest in, the airport retail spaces. City Code section 22-50 already provides that the Airport Board has the authority to govern the operation of the airport, including the power to:

...negotiate and execute leases, concession agreements, and operating agreements of not to exceed three years in duration for the use of real property and facilities under the jurisdiction of the airport. Any leases, concession agreements, or operating agreements for the use of real property and facilities under the jurisdiction of the airport, which exceed three years in duration, shall require approval by the city council. All agreements, concession agreements and operating agreements under the jurisdiction of airport, which do not involve the lease of real property, may be negotiated and executed by the Board.

All concessions involving the lease of real property for more than 3 years would continue to be presented to the Council. Such agreements would include all the major Airport-based concessionaires. The proposed additions to City of Des Moines Code sections 2-726 and 2-746 would remove airport concessions from the other procurement processes and clear up potential conflicts with section 22-50. At its meeting of April 6, 2010, the Airport Board recommended that Council approve this amendment.

PREVIOUS COUNCIL ACTION(S): NONE

BOARD/COMMISSION ACTION(S):

Date: April 6, 2009 – Airport Board

Resolution Number: A10-056

Action: Recommend Amendment to Purchasing Ordinance for the Procurement of Airport Concessions Moved by Mr. Gentry to adopt. Motion carried: 6-0-0-1

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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