 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date: April 22, 2013
	Agenda Item No. 41 Roll Call No. <u>13-0671</u> Communication No. <u>13-196</u> Submitted by: Benjamin R. Page, Park and Recreation Director

AGENDA HEADING:

Hold hearing on Concession Agreement with Port of Des Moines, LLC for the Hub Spot and authorizing Mayor to execute the same.

SYNOPSIS:

Recommend to City Council to hold hearing on Concession Agreement with the Port of Des Moines, LLC (Michael La Valle, Managing Partner and Sole Member, 1701 South Union Street, Des Moines, Iowa 50315) for the operation of the concessions of beverages and food to be offered at the Principal Riverwalk’s Hub Spot building and food or beverage carts on the plazas and to authorize the Mayor to execute the same.

FISCAL IMPACT:

Amount: Revenue is to be based on the following scale:

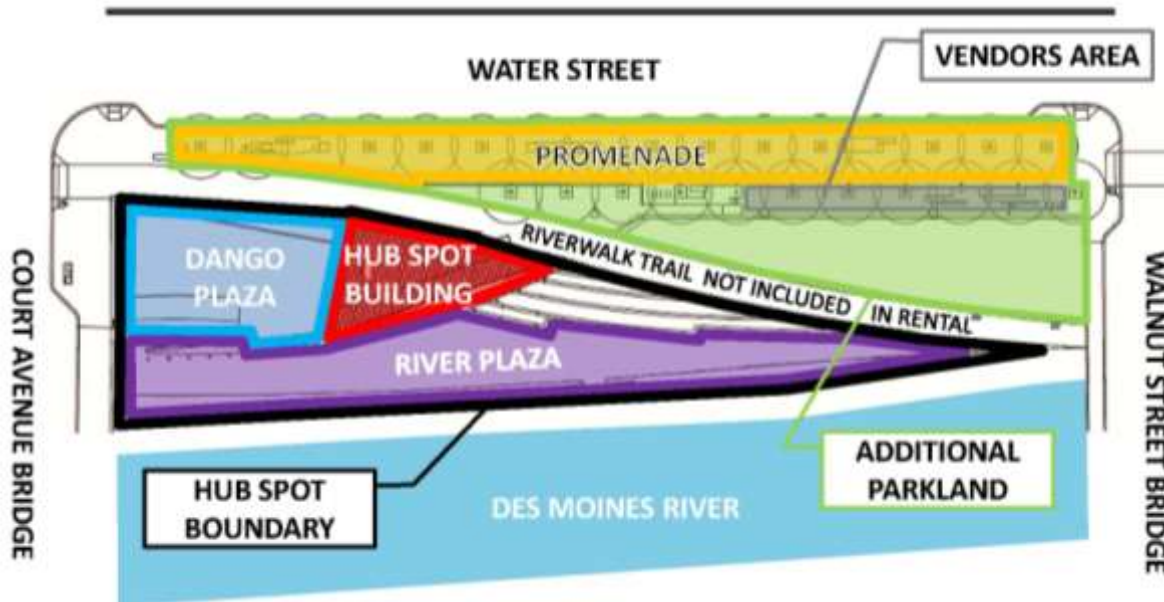
- 8% of all annual gross revenues for sales of food and beverages, excepting catering for third-parties, up to \$500,000 annually, 10% between \$500,000 and \$1,000,000 annually; and 11.5% thereafter.
- 10% of all gross revenues for food and beverage catering to third-parties.
- 50% of rental fees.
- 50% of third-party food and non-alcoholic beverage cart space rental/concession fees.

Funding Source: FY2014 Operating Budget, Park and Recreation, Special Events, GE001 PKS101300, page 179

ADDITIONAL INFORMATION:

The Principal Riverwalk features lighted and landscaped public spaces, world-class public art, unique pedestrian bridges, and pathways that connect downtown Des Moines with 300 miles of central Iowa trails. The project was funded in part through a gift from Principal Financial Group to the City of Des Moines in honor of its 125th anniversary. Among the completed project components are: Meredith Trail, Des Moines Union Railway Bridge renovation (a.k.a. Red Bridge), Center Street Bridge, Long Look Garden, World Food Prize Plaza, Brenton Skating Plaza, Hub Spot, Hansen Triangle, and the promenade. The Principal Riverwalk project began in 2004 and will be dedicated this spring.

The Hub Spot is located off the promenade between Court Avenue and Walnut Street on the west bank of the Des Moines River. The building contains 834 square feet, has a capacity of 70 people, offers public restrooms, and was designed to function as a limited menu restaurant/coffee shop. In addition to seating available inside the building, the outdoor plaza areas to the south and east provide seating with views overlooking the river. The Hub Spot's location, riverside views, and indoor fireplace will provide a great year-round setting for smaller receptions, meetings, and events.



The Park and Recreation Department worked in partnership with the Downtown Community Alliance (DCA), the Riverfront Development Authority (RDA), and the City Manager's Office to secure a concessionaire for the Hub Spot. With no response to an RFP that was issued last spring, these three entities began soliciting potential vendors. A concessionaire, Port of Des Moines, LLC, has been secured to exclusively offer food, non-alcoholic, and alcoholic beverages. In addition to offering food and beverages, the concessionaire is to coordinate food carts on a seasonal basis, provide basic custodial care of the building, promote and coordinate rentals of three locations - the Hub Spot building, adjacent "Dango Plaza," and the River Plaza. Port of Des Moines, LLC, is operated by Michael LaValle, a local restaurateur who was awarded the 2012 Restaurateur of the Year Award by the Iowa Restaurant Association. Mr. LaValle has been the General Manager and Culinary Director of the Des Moines Embassy Club since 1993. He is also an owner of Centro Restaurant, South Union Bakery, and Gateway Market.

Additional elements of the contract include:

- Term of the agreement - April 8, 2013 – December 13, 2017 with three additional one-year renewals based on mutual agreement.
- Vendor cart concession fee will be approved by the Park and Recreation Director.
- Rental rates for the three areas are set by City ordinance and permits for rentals will be signed by the Park and Recreation Director or their designee.
- Revenue rates from sales include:–
 - 8% of all annual gross revenues for sales of food and beverages, excepting catering for third-parties, up to \$500,000 annually, 10% between \$500,000 and \$1,000,000 annually; and 11.5% thereafter;
 - 10% of all gross revenues for food and beverage catering to third-parties;

- 50% of rental fees; and
- 50% of third-party food and non-alcoholic beverage cart space rental/concession fees.
- City can host events free of charge and also receive 20% discount on food and beverage prices.
- Port of Des Moines has the right to make alterations to the space including electrical improvements and additional signage after the Army Corps of Engineers has released the building to the City; all alterations must be approved by the Park and Recreation Director.
- An annual report is to be submitted to the Park and Recreation Director each year and is to include a summary of operations, gross revenues, etc. The City reserves the right to periodically audit the concessionaire's financial records.
- Hours of operation -
 - April 15 – October 31
 - Monday – Thursday – 7:00 a.m. – 9:00 p.m.
 - Friday and Saturday – 7:00 a.m. – 10:00 p.m.
 - Sunday – 8:00 a.m. – 9:00 p.m.
 - November 1 – April 14 – reduced hours, opening minimum of 20 hours/week.

The Port of Des Moines' goals for the Hub Spot are to provide the very best level of services possible to individuals visiting in terms of presentation, product quality, customer satisfaction, operating efficiency, maximize gross revenue and the corresponding financial return to the City, and increase use and awareness of the Hub Spot and Principal Riverwalk.

PREVIOUS COUNCIL ACTION(S):

Date: April 8, 2013

Roll Call Number: [13-0553](#)

Action: [On](#) concession agreement with Port of Des Moines, LLC to operate a food and beverage concession at the Hub Spot located at the northeast corner of Court Avenue and Water Street from April 1, 2013 through December 21, 2017, (4-22-13). ([Council Communication No. 13-174](#)) Moved by Hensley to adopt. Motion Carried 7-0.

Date: March 26, 2012

Roll Call Number: [12-0491](#)

Action: [On](#) granting of a license to Greater Des Moines Public Art Foundation for the installation, display and maintenance of five sculptures at the Hub Spot. ([Council Communication No. 12-132](#)) Moved by Hensley to adopt. Motion Carried 7-0.

Date: April 11, 2011

Roll Call Number: [11-0638](#)

Action: [Naming](#) of Court Avenue Plaza portion of the Principal Riverwalk as “The Hub Spot” and dedication of parkland. Moved by Hensley to adopt. Motion Carried 6-1.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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