

CITY COUNCIL COMMUNICATION 97-038
JANUARY 20, 1997 AGENDA

SUBJECT:	TYPE:	SUBMITTED BY:
SECOND READING OF REVISION TO CITY CODE FOR AIRPORT CONCESSION SERVICES	◆ RESOLUTION ORDINANCE RECEIVE/FILE	WILLIAM F. FLANNERY AVIATION DIRECTOR

SYNOPSIS —

City Code, Division 6, Purchasing Division, Section 2-85, Competitive Bidding and Advertisement, requires that "Except as otherwise provided, all purchase orders or contracts of whatever nature, made by or on behalf of the city, for independent contractors' services or work, . . . or the granting of any concession, involving amounts in excess of \$5,000.00, shall be let by free and open competitive bidding after advertisement, to the lowest responsible or in the appropriate instance, to the highest responsible bidder, depending on whether the city is to expend or receive money. . . ." Because of the nature of the Airport's operations and the needs and desires with regard to terminal food/beverage and gift/news concessions, a pure bid arrangement to award new long-term concession contracts will not serve in the best interest of the City and the Airport. Because it is necessary that the Airport select the provider of these concession services based on numerous criteria including Disadvantaged Business Enterprise (DBE) Participation, Proposed Capital Investment, Proposed Minimum Annual Guarantee, Business Plan (includes menu and pricing and management and operations plan), and Qualifications, a competitive proposal based selection is more appropriate. Based on the above, the Airport Board is requesting that the City Council make appropriate revision to City Code to allow Airport concessions to be placed by either competitive bid or a competitive selection process in which price is not the only consideration.

FISCAL IMPACT —

By modifying City Code to allow for competitive proposals for Airport concessions, the City can expect to receive significant capital investment and improvement in the terminal facility, while at the same time receive competitive percentage rents from experienced and qualified Airport concessionaires.

RECOMMENDATION —

That City Council again give favorable consideration to the revision of Municipal Code, Section 2-85 to provide for the inclusion of competitive selection for Airport-related concessions and give second vote for passage.

BACKGROUND —

The Airport is currently operating under a combined food and beverage and gift shop contract with Host International, Inc. (Host) for Terminal Concession Services. The present agreement with Host expires on May 31, 1997. In recognition of the expiration of that long-term agreement and the desire by the Airport Board to solicit changes in the terminal concession delivery system, the Board hired an outside consultant specializing in Airport concessions. On December 10, 1996, by Resolution No. A96-338, the Airport Board received and filed the final Concession Analysis & Plan as prepared by Airport Concession Consultants (ACC). Based on the Concession Analysis & Plan, ACC has assisted in the

formulation of a Notice Inviting Proposals and appropriate concession agreement documents. The proposal documents set forth certain requirements and minimums including percentage of rent, minimum annual guarantees, minimum capital investment, terminal build-out and finishes, etc. Because of these requirements, it was determined that a bid based procedure would not obtain the desired results. Based on feedback received by the Airport's consultant from firms who provide the requested services at other locations, it is anticipated that there will be significant interest for these Des Moines concession operations.