



Agenda Item:

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COUNCIL COMMUNICATION City Manager's Office

GENERAL INFORMATION

Agenda Date: 12/20/04
04-636

Communication No.:

Agenda Item Type: Resolution
No.:

Roll Call

Submitted by: Robert L. Hagener, Aviation Director

SUBJECT—

Setting a date of public hearing for approval of the (1) Assignment 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. as both were recommended by the Airport Board.

SYNOPSIS—

Earlier this year, the Aviation Department was notified that Creative Host Services, Inc. and its subsidiary GladCo Enterprises, Inc. were planned to be sold to Compass Group USA, Inc. d/b/a Select Service Partner. By the Agreement with the City, this sale requires the approval of the City.

Two documents have been prepared by staff for the assumption by Compass.

The first document is the Assignment and Assumption Agreement of the Concession Agreement for Food and Beverage Operations at the Des Moines International Airport from Gladco Enterprises, Inc. to Compass Group USA, Inc. d/b/a Select Service Partner and Consent of the City of Des Moines, Iowa.

This agreement sets forth the requirements that Compass must adhere to by taking over the food and beverage agreement from GladCo.

The second document is the proposed Second Amendment to Concession Agreement for Food and Beverage Operations that sets forth changes to the Concession Agreement for Food and Beverage Operations at the Airport. In accordance with the proposed terms of the Second Amendment to the Agreement, the following changes have been made:

- Clarifies the term of the Agreement to show that the regular term of the Agreement is for a period of 10 years ending on March 31, 2009.
- Clarifies and updates the Disadvantage Business Enterprise (DBE) requirements of the Agreement to insure compliance with federal regulations.

FISCAL IMPACT—

With this amendment and assignment there will be no effect on the rental and fee payments due the Airport. Neither the minimum annual guarantee nor the percent of gross revenue rental amounts are to be changed as part of the Second Amendment.

RECOMMENDATION—

Since the Food and Beverage Concession Agreement has over three years remaining, City Council is required to approve the Second Amendment. It is therefore recommended that Council set a date of public hearing to approve the recommendation of the Airport Board of both the (1) Assignment 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.

BACKGROUND—

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.

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.