

**CITY OF SAN ANTONIO
INTERDEPARTMENTAL MEMORANDUM
AVIATION DEPARTMENT**

TO: Mayor and City Council

FROM: Kevin C. Dolliole, Aviation Director

THROUGH: Terry M. Brechtel, City Manager

COPIES TO: Christopher J. Brady, Asset Management, Budget, Legal, Finance and File

SUBJECT: Concession Agreement with Smarte Carte, Inc. at San Antonio International Airport

DATE: October 30, 2003

SUMMARY & RECOMMENDATION

The proposed ordinance authorizes the City Manager or her designee to accept the proposal of Smarte Carte, Inc. and to execute a five-year agreement effective November 1, 2003 for the luggage cart concession at San Antonio International Airport ("Airport"). The proposed ordinance would provide for the continued operation of the luggage cart and locker concession in various locations throughout the Airport terminals and parking facilities.

Staff recommends the approval of this ordinance.

BACKGROUND INFORMATION

On April 21, 2003, the City, through its Concession Manager, Westfield Concession Management, issued a Request for Proposals (RFP) for the luggage cart concession. In response to the RFP, two proposals were received by the due date of June 23, 2003. The Concession Selection Committee consisting of representatives from the Aviation Department, Asset Management Department, Economic Development Department, Air Transportation Advisory Commission, and Westfield Concession Management reviewed the two proposals. This committee evaluated the responses as provided in the Concession Procedures Manual and Policy Statement, which was approved by City Council on January 11, 2001. Points were awarded based on the strength of the written proposal, as well as the offerings in locally based ownership, Disadvantaged Business Enterprise (DBE) participation, financial offerings, merchandising concepts, experience and qualifications, business plan, commitment to customer service and street pricing. The evaluation matrix supporting the recommendation is attached.

The concessionaire will provide and maintain portable, expandable, self-service coin-operated cart management units ("CMU") in not less than sixteen locations throughout the Airport for the

distribution and rental of luggage carts. As with other concessions at the Airport, all prices under the proposed contract have a street pricing requirement (Please see attached pricing list of other airports in the country). The price for a cart at San Antonio International Airport will be \$3.00. Subject to obtaining approval of the United States Transportation Security Administration, concessionaire will provide and maintain luggage lockers for rental in two post-security locations, one in each terminal. The proposed lockers have the latest technology for security and passenger safety. The concessionaire will install and maintain a self-service currency exchange machine in the U.S. Customs area of the Airport, offering the exchange of Mexican pesos for United States dollars. All CMUs, lockers and the currency exchange machine will be operated on a 24 hour/ 7 day per week basis.

POLICY ANALYSIS

The proposed ordinance is consistent with prior policy, as evidenced by the City Council approved Concession Procedures Manual and Policy Statement of January 11, 2001, and will provide a necessary convenience to members of the traveling public.

FISCAL IMPACT


The concessionaire will pay the City the greater of a Minimum Annual Guarantee of \$25,000 per year for each contract year or seventeen percent (17%) of sales for years 1 and 2 and 20% of sales for years 3-5. Total Minimum Annual Guarantee revenues for the complete term of the proposed contract will be \$125,000.00 (\$25,000/year times 5 years). However, the revenue potential to the City is greater since the concessionaire has traditionally exceeded its Minimum Annual Guarantee.

COORDINATION

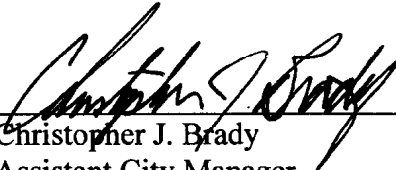
This item has been coordinated with the City Attorney's Office.

SUPPLEMENTARY COMMENTS

The Ethics Ordinance Required Disclosures form completed by the proposed concessionaire is attached.

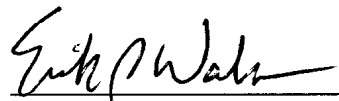


Kevin C. Dolliole
Aviation Director



Christopher J. Brady
Assistant City Manager

APPROVED:



Terry M. Brechtel
City Manager

Evaluation of Concession Proposals

Luggage Cart Concession		Smarte Carte		Central Cart			
Major Categories and Descriptions.	Points Available	Participation Amounts	Points Award	Participation Amounts	Points Award	Participation Amounts	Points Award
1. Merchandising Concept and Type of Merchandise Merchandising Concept- Uniqueness of Product Presentation and "fit" into overall Terminal Merchandising Theme Type of Product- Appropriateness of product to the Airport environment, the quality, visual appeal and the support of the concept through the product offering.	15%	7 7.5	 14.5	6 6	 12		0
2. Experience and Qualifications Development and Marketing Plan Overall experience in the type of business proposed Success of current business- industry sales averages Stated accomplishments in past experience. Overall personal business experience	10%	3 3 2 2	 10	1 1 2 2	 6		
3. Business Plan Completeness and supporting documentation of plan. Allowance for start up period, slow sales periods Understanding of Airport business environment Marketing /Advertising Plan Identification of suppliers and vendors Financial Investment In Concession Location	15%	2 2 3 2 2 2	 13	2 2 2 2 2 2	 12		
4. Commitment to Customer Service and Policy Written customer service policy Customer service training program Returned goods, refunds and warranty policies Training and Employee Development	10%	3 2 2 2	 9	2 2 2 2	 8		
5. Economic Proposal Acceptance of proposed minimum annual rent Acceptance of proposed percent of sales rent Counter to proposed rent levels	10%	5 5	 10	3 3	 6		
6. Financial Strength Capital reserves for start up period Current debt structure Financing secured or capital reserves for construction Percentage of concession which will be financed Partnership of Joint Venture Agreement Provided	10%	2 1 2 1 2	 8	2 2 2 2 2	 10		
7. Sales Performa, Projection and Street Pricing Sales projections provided Sales projections based on enplanements within industry averages Price points projected within street pricing and product type Profit and loss assumptions adequate to maintain a viable business	10%	2.5 2.5 2 2	 9	2 2 2 2	 8		
8. Local and Disadvantaged Business Enterprise Performance Located in SA -10 Located in Bexar County-4 Branch located in SA -6 Branch located in Bexar County -2 DBE certification-5 Good Faith Effort Plan -5 DBE participation percentage	20%	2	2	2	2		0
Totals	100%		75.50		64.00		0



<i>AP Location</i>	<i>Price</i>	<i>Reward</i>	<i>Date of Price</i>
Akron-Canton, OH	\$3.00	\$0.25	12/18/02
Albany, NY	\$1.50	\$0.25	5/15/98
Albuquerque, NM	\$2.00	\$0.25	5/11/98
Asheville, NC	\$3.00	\$0.25	1/3/02
Atlantic City, NJ	\$3.00	\$0.25	1/15/02
Augusta, GA	\$2.00	\$0.25	4/1/99
Austin, TX	\$3.00	\$0.25	3/23/03
Green Bay, WI	\$2.00	\$0.25	8/27/98
Baltimore, MD	\$2.00	\$0.00	1/7/99
Bangor, ME	\$2.00	\$0.25	5/1/98
Baton Rouge, LA	\$3.00	\$0.25	12/5/01
Billings, MT	\$3.00	\$0.25	1/8/02
Birmingham, AL	\$3.00	\$0.25	1/7/02
Lexington, KY	\$3.00	\$0.25	1/1/02
Boise, ID	\$2.00	\$0.25	5/17/98
Boston, MA	\$3.00	\$0.25	7/1/03
Hartford, CT	\$2.00	\$0.25	4/24/01
Buffalo, NY	\$1.50	\$0.25	2/22/95
Burbank, CA	\$3.00	\$0.25	12/13/01
Burlington, IA	\$1.00	\$0.25	6/1/94
Lansing, MI	\$3.00	\$0.25	11/2/01
Charleston, SC	\$2.00	\$0.25	7/14/98
Charlotte, NC	\$2.00	\$0.25	6/15/00
Chattanooga, TN	\$2.00	\$0.25	4/19/99
Cheyenne, WY	\$1.00	\$0.25	7/20/94
Chicago-Midway, IL	\$2.00	\$0.00	8/21/02
Chicago-O'Hare, IL	\$2.00	\$0.00	8/21/02
Cincinnati, OH	\$2.00	\$0.25	11/1/99
Cleveland, OH	\$2.00	\$0.25	1/25/02
Colorado Springs, CO	\$2.00	\$0.25	7/30/02
Columbia, SC	\$3.00	\$0.25	12/19/01
Corpus Christi, TX	\$2.00	\$0.25	11/15/02
Dallas (Love), TX	\$3.00	\$0.25	12/13/01
Dallas/Ft. Worth, TX	\$3.00	\$0.25	2/1/02
Madison, WI	\$2.00	\$0.25	1/31/99
Montgomery, AL	\$2.00	\$0.25	3/15/97



<i>AP Location</i>	<i>Price</i>	<i>Reward</i>	<i>Date of Price</i>
Dayton, OH	\$2.00	\$0.25	11/1/95
Daytona Beach, FL	\$3.00	\$0.25	1/1/02
Denver, CO	\$3.00	\$0.25	3/15/02
Des Moines, IA	\$3.00	\$0.25	11/20/01
Detroit, MI	\$3.00	\$0.25	2/24/02
Cedar Rapids, IA	\$2.00	\$0.25	8/30/01
El Paso, TX	\$2.00	\$0.25	7/1/00
Elmira/Corning, NY	\$1.00	\$0.25	9/15/95
Fairbanks, AK	\$2.00	\$0.25	5/1/96
Fayetteville, NC	\$2.00	\$0.25	7/27/98
Fresno, CA	\$2.00	\$0.25	12/27/99
Ft. Lauderdale, FL	\$2.00	\$0.25	9/28/99
Ft. Wayne, IN	\$2.00	\$0.25	6/15/98
Bozeman, MT	\$1.00	\$0.25	9/12/96
Hilo, HI	\$2.00	\$0.25	3/1/97
Milwaukee, WI	\$3.00	\$0.25	1/1/02
Houston (Bush Int'l), TX	\$3.00	\$0.25	3/1/02
Grand Rapids, MI	\$2.00	\$0.25	1/15/97
Kalispell, MT	\$1.00	\$0.25	7/1/98
Peoria, IL	\$3.00	\$0.25	3/14/02
Rochester, NY	\$3.00	\$0.25	1/7/02
Greenville-Spartanburg, SC	\$3.00	\$0.25	1/1/02
Gulfport-Biloxi, MS	\$3.00	\$0.25	12/2/01
Harrisburg, PA	\$3.00	\$0.25	1/1/02
Atlanta, GA	\$3.00	\$0.00	7/31/02
Fargo, ND	\$2.00	\$0.25	4/20/98
Honolulu, HI	\$2.00	\$0.00	3/1/97
Huntsville, AL	\$2.00	\$0.25	5/19/99
Indianapolis, IN	\$2.00	\$0.25	11/1/00
Jacksonville, FL	\$2.00	\$0.25	3/2/99
Jackson, MS	\$3.00	\$0.25	12/17/01
Sioux Falls, SD	\$2.00	\$0.25	4/21/98
New York, NY- JFK	\$2.00	\$0.00	5/21/01
Santa Ana, CA	\$3.00	\$0.25	4/24/02
Juneau, AK	\$2.00	\$0.25	4/10/97
Kahului, HI	\$2.00	\$0.25	3/1/97



<i>AP Location</i>	<i>Price</i>	<i>Reward</i>	<i>Date of Price</i>
Kalamazoo, MI	\$2.00	\$0.25	12/5/01
Kansas City, MO	\$1.50	\$0.25	7/1/97
Kelowna, BC, Canada	\$1.00	\$0.25	
Knoxville, TN	\$2.00	\$0.25	2/15/99
Kona, HI	\$2.00	\$0.25	3/1/97
Lafayette, LA	\$2.00	\$0.25	11/4/96
New York, NY-LaGuardia	\$2.00	\$0.00	5/21/01
Toronto, ON, Canada	\$1.00	\$1.00	6/10/97
Lihue, HI	\$2.00	\$0.25	3/1/97
Little Rock, AR	\$2.00	\$0.25	2/12/02
Long Beach, CA	\$3.00	\$0.25	3/6/03
Islip, NY	\$3.00	\$0.25	1/1/02
Los Angeles, CA	\$3.00	\$0.00	3/1/02
New Orleans, LA	\$3.00	\$0.25	7/1/02
Louisville, KY	\$2.00	\$0.25	12/1/99
Lubbock, TX	\$3.00	\$0.25	11/30/01
San Juan, PR	\$1.00	\$0.00	
Manchester, NH	\$2.00	\$0.25	3/1/02
Marquette, MI	\$2.00	\$0.25	5/11/95
McAllen, TX	\$2.00	\$0.25	3/10/97
Las Vegas, NV	\$3.00	\$0.25	5/8/02
Medford, OR	\$1.00	\$0.25	12/1/96
Melbourne, FL	\$2.00	\$0.25	11/14/00
Memphis, TN	\$3.00	\$0.25	12/4/01
Oakland, CA	\$2.00	\$0.00	10/16/99
Miami, FL	\$3.00	\$0.00	3/4/02
South Bend, IN	\$2.00	\$0.25	12/6/01
Belleville, IL	\$1.00	\$0.25	1/8/98
Saginaw, MI	\$3.00	\$0.25	1/29/02
Midland, TX	\$3.00	\$0.25	1/1/02
San Jose, CA	\$3.00	\$0.25	2/28/02
Minneapolis/St. Paul, MN	\$3.00	\$0.25	1/1/02
Missoula, MT	\$1.00	\$0.25	10/20/95
Monroe, LA	\$2.00	\$0.25	8/15/95
Monterey, CA	\$3.00	\$0.25	12/18/01
Myrtle Beach, SC	\$2.00	\$0.25	4/15/98



<i>AP Location</i>	<i>Price</i>	<i>Reward</i>	<i>Date of Price</i>
Nantucket, MA	\$1.00	\$0.25	12/1/94
Nashville, TN	\$2.00	\$0.25	5/28/98
Wilmington, NC	\$3.00	\$0.25	12/17/01
Newark, NJ	\$1.50	\$0.00	5/30/96
Norfolk, VA	\$2.00	\$0.25	8/1/96
Bentonville, AR	\$3.00	\$0.25	1/4/02
Okaloosa, FL	\$3.00	\$0.25	3/1/02
Omaha, NE	\$2.00	\$0.25	9/12/02
Ontario, CA	\$3.00	\$0.25	3/1/02
Orlando-Sanford, FL	\$3.00	\$0.25	4/1/03
Appleton, WI	\$1.00	\$0.25	12/1/93
West Palm Beach, FL	\$3.00	\$0.25	3/25/03
Pensacola, FL	\$2.00	\$0.25	10/2/98
Philadelphia, PA	\$3.00	\$0.00	2/17/03
Greensboro, NC	\$3.00	\$0.25	11/12/01
Pittsburgh, PA	\$3.00	\$0.25	3/1/02
Columbus, OH	\$2.00	\$0.25	3/1/03
Portland, OR	\$2.00	\$0.00	2/1/99
Portland, ME	\$3.00	\$0.25	10/31/01
Moline, IL	\$3.00	\$0.25	11/30/01
Raleigh-Durham, NC	\$2.00	\$0.25	10/1/00
Rapid City, SD	\$2.00	\$0.25	3/15/01
Redmond, OR	\$1.00	\$0.25	4/12/94
Reno, NV	\$3.00	\$0.25	5/6/02
Richmond, VA	\$2.00	\$0.25	5/1/95
Roanoke, VA	\$2.00	\$0.25	8/24/98
Rochester, MN	\$3.00	\$0.25	12/20/01
Washington (National), DC	\$3.00	\$0.25	3/4/03
Sacramento, CA	\$3.00	\$0.25	6/19/02
Salt Lake City, UT	\$2.00	\$0.25	11/20/97
San Antonio, TX	\$2.00	\$0.25	7/28/00
San Diego, CA	\$2.00	\$0.00	2/1/02
San Francisco, CA	\$3.00	\$0.00	4/1/02
Santa Barbara, CA	\$2.00	\$0.25	12/31/98
Sarasota, FL	\$3.00	\$0.25	1/30/02
Savannah, GA	\$2.00	\$0.25	3/15/02



<i>AP Location</i>	<i>Price</i>	<i>Reward</i>	<i>Date of Price</i>
Seattle, WA	\$2.00	\$0.25	3/1/01
Shreveport, LA	\$3.00	\$0.25	1/1/02
Ft. Myers, FL	\$3.00	\$0.25	2/11/03
Spokane, WA	\$3.00	\$0.25	1/10/02
Springfield, MO	\$2.00	\$0.25	3/30/98
St. Petersburg, FL	\$3.00	\$0.25	1/4/02
Syracuse, NY	\$1.00	\$0.25	2/16/94
Providence, RI	\$2.00	\$0.25	7/15/00
Tallahassee, FL	\$3.00	\$0.25	3/15/02
Tampa, FL	\$3.00	\$0.25	4/1/03
Anchorage, AK	\$2.00	\$0.25	4/1/96
Toledo, OH	\$3.00	\$0.25	2/26/02
Travis AFB, CA	\$1.00	\$0.25	10/1/96
Pasco, WA	\$3.00	\$0.25	2/26/02
Blountville, TN	\$3.00	\$0.25	2/28/02
Tucson, AZ	\$2.00	\$0.25	11/5/98
Tulsa, OK	\$2.00	\$0.25	8/12/98
Harlingen, TX	\$3.00	\$0.25	1/1/02
Washington (Dulles), DC	\$3.00	\$0.25	3/3/03
Wichita, KS	\$2.00	\$0.25	5/1/96
Wilkes-Barre/Scranton, PA	\$3.00	\$0.25	12/18/01
Oklahoma City, OK	\$2.00	\$0.25	10/1/98
Houston (Hobby), TX	\$3.00	\$0.25	3/1/02
Charleston, WV	\$3.00	\$0.25	1/4/02

City of San Antonio

Discretionary Contracts Disclosure*

For use of this form, see City of San Antonio Ethics Code, Part D, Sections 1&2

Attach additional sheets if space provided is not sufficient.

State "Not Applicable" for questions that do not apply.

* This form is required to be supplemented in the event there is any change in the information under (1), (2), or (3) below, before the discretionary contract is the subject of council action, and no later than five (5) business days after any change about which information is required to be filed.

Disclosure of Parties, Owners, and Closely Related Persons

For the purpose of assisting the city in the enforcement of provisions contained in the City Charter and the code of ethics, an individual or business entity seeking a discretionary contract from the city is required to disclose in connection with a proposal for a discretionary contract:

(1) the identity of any individual who would be a party to the discretionary contract:

NONE

(2) the identity of any business entity that would be a party to the discretionary contract and the name of:

Smarte
Carte, Inc.

(A) any individual or business entity that would be a subcontractor on the discretionary contract:

Soria CPA Firm

(B) any individual or business entity that is known to be a partner, or a parent or subsidiary business entity, of any individual or business entity who would be a party to the discretionary contract:

Please reference attached sheet

(3) the identity of any lobbyist or public relations firm employed for purposes relating to the discretionary contract being sought by any individual or business entity who would be a party to the discretionary contract:

NONE

¹ A business entity means a sole proprietorship, partnership, firm, corporation, holding company, joint-stock company, receivership, trust, unincorporated association, or any other entity recognized by law.

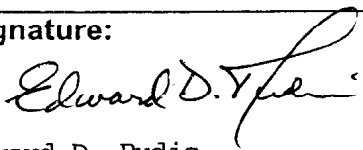
Political Contributions

Any individual or business entity seeking a discretionary contract from the city must disclose in connection with a proposal for a discretionary contract all political contributions totaling one hundred dollars (\$100) or more within the past twenty-four (24) months made directly or indirectly to any current or former member of City Council, any candidate for City Council or to any political action committee that contributes to City Council elections by any individual or business entity whose identity must be disclosed under (1), (2) or (3) above. Indirect contributions by an individual include, but are not limited to, contributions made by the individual's spouse, whether statutory or common-law. Indirect contributions by an entity include, but are not limited to, contributions made through the officers, owners, attorneys, or registered lobbyists of the entity.

To Whom Made:	Amount:	Date of Contribution:
NONE		

Disclosures In Proposals

Any individual or business entity seeking a discretionary contract with the city shall disclose any known facts which reasonably understood raise a question as to whether any city official or employee would violate Section 1 of Part B, Improper Economic Benefit, by participating in official action relating to the discretionary contract.

NONE		
Signature:  Edward D. Rudis	Title: President & CEO Company: Smarte Carte, Inc.	Date: June 11, 2003

² For purposes of this rule, facts are "reasonably understood" to "raise a question" about the appropriateness of official action if a disinterested person would conclude that the facts, if true, require recusal or require careful consideration of whether or not recusal is required.

Attachments to City of San Antonio Discretionary Contracts Disclosure

The parent company of Smarte Carte, Inc. is Smarte Carte Corporation, which is a wholly-owned subsidiary of SMC Holdings Corp. Smarte Carte, Inc. owns two domestic subsidiaries (Smarte Carte Europe, Inc. and EFA Acquisition Corp.). Smarte Carte, Inc. also (i) directly or indirectly owns fourteen foreign subsidiaries engaged in operations outside the United States, and (ii) is engaged in various joint venture partnership arrangements with disadvantaged business enterprises at certain U.S. airports. None of Smarte Carte, Inc.'s foreign or domestic subsidiaries and none of its DBE partners at other airports will have any interest in the San Antonio Airport luggage cart concession contract.