

**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: J. Rolando Bono, Deputy City Manager, Asset Management, Budget, Legal, Finance and File

SUBJECT: Concession Contracts with Creative Host, Inc. at San Antonio International Airport

DATE: June 24, 2004

SUMMARY & RECOMMENDATION

This ordinance authorizes the execution of a concession agreement with Creative Host, Inc. to operate a Creative Croissant location in Terminal One, San Antonio International Airport. The term of the agreement will be seven (7) years and will expire on or about August 31, 2011.

This ordinance further authorizes the acceptance of \$115,000.00 from Creative Host, Inc. and payment in the amount of \$37,500.00 to Integrity Bank to release a security interest against the improvements and assets contained within the premises.

Staff recommends the approval of this ordinance.

BACKGROUND INFORMATION

On March 24, 2004, the City issued a Request for Proposal for a food and beverage concession. Four proposals were received by the due date of April 30, 2004, and one proposal was deemed non-responsive. The Concession Selection Committee consisted of representatives from the Aviation Department, Asset Management Department, Convention and Visitors Bureau, Economic Development Department, Air Transportation Advisory Commission, Unison Maximus (the City's Airport concession development consultant) and Westfield Concession Management. The committee evaluated the proposals and selected Creative Host, Inc. as the candidate for the contract. The award was based on the Selection Committee's determination of the strength of the written proposal as well as the points awarded for locally based ownership and Disadvantaged Business Enterprise (DBE) participation (20%), financial offerings (10%), merchandising concepts (15%), experience and qualifications (10%), financial strength (10%), business plan (15%), commitment to customer service (10%) and street pricing (10%).

Creative Host, Inc. founded in 1987, operates approximately 130 concession locations in 30 airports producing revenues in excess of \$40 million in 2003. Creative Host, Inc. responded to a food and beverage RFP in 2003 and offered a franchised Las Palapas Mexican Restaurant location in Terminal One. Ordinance Number 96791, passed and approved by City Council on November 21, 2002, awarded Creative Host a concession contract for a 3,612 square foot facility in Terminal One, for the operation of the Las Palapas Mexican Restaurant.

POLICY ANALYSIS

The 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 continue to facilitate the addition of a dynamic and new concessionaire to the program at San Antonio International Airport.

FISCAL IMPACT

The concessionaire will pay the greater of the Minimum Annual Guarantee of \$75,000.00 or 15% of sales for years one and two, \$79,500.00 or 15.5% for years three through five and \$84,270.00 or 15.5% for years six and seven.

Fiscal Year	Minimum Annual Guarantee	Percentage Rent
Year 1	\$75,000.00	15%
Year 2	\$75,000.00	15%
Year 3	\$79,500.00	15.5%
Year 4	\$79,500.00	15.5%
Year 5	\$79,500.00	15.5%
Year 6	\$84,270.00	15.5%
Year 7	\$84,270.00	15.5%
Total	\$557,040.00	

In addition to the Total Minimum Annual Guarantee, Creative Host, Inc. will pay \$115,000.00 as compensation for the existing fixed improvements and equipment in the space. Of this amount the City will keep \$77,500.00 and will disburse the remaining \$37,500.00 to Integrity Bank pursuant to a pre-existing agreement with Integrity Bank, 11140 State Bridge Road, Alpharetta, GA 30022, for the release a UCC Security filing on the assets.

COORDINATION

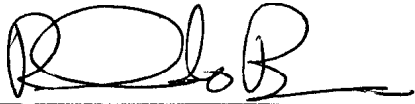
This item has been coordinated with the City Attorney's Office.

SUPPLEMENTARY COMMENTS

The Discretionary Contracts Disclosure form completed by the Concessionaire is attached.



Kevin C. Dolliole
Aviation Director



J. Rolando Bono
Deputy City Manager

APPROVED:



Terry M. Brechtel
City Manager

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

N/A

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

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

N/A

(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

N/A

(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

N/A

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.

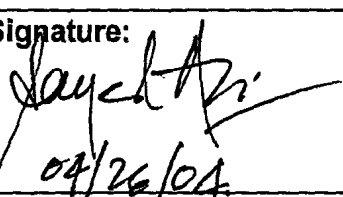
Political Contributions

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 (6) 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:
N/A	N/A	N/A

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 question² 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.

N/A		
Signature:  04/26/04	Title: CEO/President Company: Creative Host Services, Inc.	Date: 04/26/04

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.