

ORDINANCE/RESOLUTION REQUEST

Please email requests to the Mayor's Legislative Team
at MileHighOrdinance@DenverGov.org by **3:00pm on Monday**.

****All fields must be completed.****

Incomplete request forms will be returned to sender which may cause a delay in processing.

Date of Request: 7/1/2014

Please mark one: Bill Request or Resolution Request

1. Has your agency submitted this request in the last 12 months?

Yes No

If yes, please explain:

2. **Title:** Host CTI DEN FB STA, LLC d/b/a Starbucks (kiosk) (PLANE-201414721-00) – New Concession Agreement

3. **Requesting Agency:** Department of Aviation

4. **Contact Person:** (With actual knowledge of proposed ordinance/resolution.)

- **Name:** Amy Raaz
- **Phone:** (303) 342-2201
- **Email:** Amy.Raaz@flydenver.com

5. **Contact Person:** (With actual knowledge of proposed ordinance/resolution who will present the item at Mayor Council and who will be available for first and second reading, if necessary.)

- **Name:** Patrick Heck
- **Phone:** 303 342-2207
- **Email:** Patrick.Heck@flydenver.com

6. **General description of proposed ordinance including contract scope of work if applicable:** This Concession Agreement comes within the special circumstances described in Executive Order 8B. Contracts that require a concessionaire to make significant capital investment to meet the City's needs, like some concession agreements. The agreement will obtain the greater of either a Monthly Guarantee of \$13,402.67 or a percentage of compensation of 15% on annual sales of up to \$1M, 15.5% on sales between \$1M and \$2M, and 16% on sales exceeding \$2M. The Percentage Compensation annual sales threshold amounts will be evaluated and assessed on a per month basis.

It will require a \$100,890 capital investment and a mid-term refurbishment of \$20,178. The term is 7 years in order for the concessionaire to amortize the investment. Host CTI DEN FB STA, LLC d/b/a Starbucks (kiosk) is a joint venture partnership between HMSHost and Civil Technology, Inc (a certified ACDBE company with 20% interest in the joint venture). As a franchise, Starbucks has requirements for the purchase of goods and services. HMSHost will continue to work on gaining more ACDBE participation through suppliers.

DIA collaborated with many of its concessionaire partners to develop and implement the Premium Value Concessions program (PVC). The program established an internal competition to recognize the top performing concessions. These top performers are awarded the Program Benefit which is the opportunity to bypass the competitive Request for Proposal (RFP) process and begin lease negotiations with the airport. For those concessions not earning the Program Benefit, DIA will RFP and competitively bid those concession locations.

- a. **Contract Control Number:** PLANE-201414721-00
- b. **Duration:** 7 years + 300 days from DOE
- c. **Location:** DIA
- d. **Affected Council District:** 11
- e. **Benefits:** DIA worked with its concessionaires to design the Premium Value Concession Program (PVCP). The program is a competitive, merit-based program that rewards excellence resulting in better customer service and higher revenue to DIA. Concessionaires who are in the top third of their defined categories obtain the opportunity to execute a new agreement at the end of their current one and are not required to go through an RFP process (the "Benefit"). Host

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CTI DEN FB STA, LLC has been determined to receive the Benefit of a new concession agreement during Phase 2 of the PVC program.

f. Costs:

<i>Current Contract Amount</i> <i>(A)</i>	<i>Additional Funds</i> <i>(B)</i>	<i>Total Contract Amount</i> <i>(A+B)</i>
\$160,832.04 Annually		\$160,832.04 Annually

<i>Current Contract Term</i>	<i>Added Time</i>	<i>New Ending Date</i>
7 years		7 years

g. Date Goals Assigned: 11/19/2013

h. Goals: 40% ACDBE / 20% Participation

7. Is there any controversy surrounding this ordinance? (Groups or individuals who may have concerns about it?) Please explain.

None

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Date: _____

Key Contract Terms

Vendor/Contractor Name: Host CTI DEN FB STA, LLC d/b/a Starbucks (kiosk)

Contract control number: PLANE-201414721-00

City's contract manager: Neil Maxfield

Was this contractor selected by competitive process? Was it the low bid? Yes / No

Term/Duration of contract/project: 7 years + 300 days from DOE

Renewal terms: None

Purpose: This concession agreement grants concessionaire the right to use the facilities at DIA to provide the traveling public and employees of the airport with food, retail, or services. This is a revenue contract.

Scope of services to be provided with performance bench marks: None

Cost/value: \$13,402.67 Monthly Guarantee or percentage compensation, whichever is greater. The Percentage Compensation annual sales threshold amounts will be evaluated and assessed on a per month basis.

Source of funds: Revenue Agreement

Benefit: Provides concession services to the traveling public and employees at DIA.

Termination provision for City and for contractor: No

WBE/MBE/DBE commitments (construction, design, Airport concession contracts): 40% ACDBE Goal
Who are the subcontractors to this contract? Host CTI DEN FB STA, LLC d/b/a Starbucks (kiosk) is a joint venture partnership between HMSHost and Civil Technology, Inc (a certified ACDBE company with 20% interest in the joint venture). As a franchise, Starbucks has requirements for the purchase of goods and services. HMSHost will continue to work on gaining more ACDBE participation through suppliers.

Location: DIA

Affected Council District: District 11

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