

BILL/ RESOLUTION REQUEST

1. Title: Approves a concession agreement with Skyport Companies, Inc. dba Woody Creek Bakery and Cafe for a food/beverage concession on the B Mezzanine. (PLANE-201205662-00)

2. Requesting Agency: DIA

3. Contact Person with actual knowledge of proposed ordinance

Name:Bryan Touchstone

Phone:303-342-2501

Email:bryan.touchstone@flydenver.com

4. Contact Person with actual knowledge of proposed ordinance who will present the item at Mayor Council and who will be available for first and second reading, if necessary

Name:Brian Elms

Phone:303-342-2278

Email:brian.elms@flydenver.com

5. Describe the proposed ordinance, including what the proposed ordinance is intended to accomplish, who's involved

a. Scope of Work

This Agreement converts a current smoking lounge location to non-smoking. It complies with the exception to Executive Order 8B. This will place the Woody Creek Bakery and Café under its own 10 year agreement to sell food and beverages to airport passengers on the B Mezzanine. Aviator's Lounge holds concession agreements in three locations in the airport, smoking lounges in the Jeppesen Terminal and on Concourse B and the Woody Creek restaurant on Concourse B. These agreements expire in November 2014.

Converting the smoking lounges to non smoking reduces the cash flow from the locations. Further, due to the demands of placing new concepts, the spaces currently occupied by Smoking Lounges will be gutted and remodeled at a cost to the concessionaire of \$2.7 million initially and up to \$3.5 million once mid- term refurbishments are included. The term for each of these food/beverage locations is ten (10) years in order for the concessionaire to amortize the investment.

The scale of the investment combined with the loss of cash flow from the lounges requires all three locations in order to economically support the change of the smoking lounges to non smoking businesses. Accordingly, to achieve the change away from smoking earlier than the termination date of the agreements it was necessary for the airport to engage in a direct negotiation with Aviators Lounges.

b. Duration

1/1/2013 through 12/31/2022

c. Location

DIA

d. Affected Council District

District 11

e. Benefits

Eliminates smoking and provides on-going revenue generation

f. Costs

Revenue Contract - \$285,000 Minimum Annual Guarantee

6. Is there any controversy surrounding this ordinance, groups or individuals who may have concerns about it? Please explain.

Bill Request Number: BR12-0420

Date: 5/15/2012