

BILL/ RESOLUTION REQUEST

1. Title: Approves a concession agreement with The Aviator's Holding Company, LLLP dba Aviator's Club for a food/beverage concession on Concourse B Mezzanine. (PLANE 201205652-00)

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 current smoking lounge space into a non-smoking concept. It complies with the exception to Executive Order 8B. This is a new concession agreement with The Aviator's Holding Company, LLLP, which will operate at the airport under the trade name of Aviator's Club on Concourse 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

6/1/2013 through 5/31/2023

c. Location

DIA

d. Affected Council District

District 11

e. Benefits

Eliminates smoking and provides on-going revenue generation.

f. Costs

Revenue Contract - \$156,400.00 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: BR12-0414

Date: 5/14/2012