

CONCESSION KIOSK PROGRAM

OVERVIEW

As part of the Concessions Master Plan, DEN released five Request for Proposals for kiosk concessions. Four of the RFPs were specific to Small Business Enterprise Concessions (SBEC) and were the ‘firsts’ of its kind at DEN. SBEC is race and gender-neutral; concessionaires are eligible for the certification based on their income levels. The objective of releasing the SBEC-specific RFPs was two-fold. First, the Airport wanted to “level the playing field” by creating an environment in which the smallest businesses did not have to compete with concession giants in the industry. Second, by starting with a smaller footprint, SBECs could potentially spend less than the typical major concessions buildout. Not predicting the pandemic and drastic change in the construction environment since the RFPs were released in 2019, terms were set at 5 years for these kiosk opportunities. To help support these kiosk concessionaires access the appropriate financing necessary to design, build and operate these kiosks, and to ensure that essential goods and services remain available to passengers and employees at DEN, the City and County of Denver Department of Aviation proposes a 2-year extension for these five (5) kiosks concession agreements. This additional term would right-size the term length based on actual costs to build, allowing the opportunity to further amortize their increased capital investment.

The kiosk concept was largely influenced by the idea that a smaller buildout would make construction costs bearable for our business partners. Successful proposers bid between \$325,000 - \$375,000 for a total cost to build out. All kiosk operators have entered their first phase of design. The result, however, is that costs are not only significantly higher than expected but quickly approaching the same cost as full, inline concessions with twice the term length. Examples from kiosk partners at DEN show realistic costs based on recent construction bids being closer to \$600,000 - \$1.3M.

Discovery from early in the design process reveals the demand for project oversight/management and electrical are two major influencers of the increased costs. Bringing plumbing to the kiosk location also comes with countless nuances. The lack of existing utility tie-ins means these concessionaires are investing in the entire system. Further, the rising cost of materials is resulting in exorbitant bids for contractors to perform the work. Having a kiosk built off-site tends to be more economical but, even the costs for kiosk construction are increasing swiftly. With all these factors combined, concessionaires could be faced with an opportunity that is just out of reach.

DETAILS

Concessionaire must remain in good standing to maintain the 2-year extension, including making good faith efforts to continuing buildout.

- The Ave Group, LLC, d/b/a Novo Coffee, Concourse A, Contract #201952058
 - Status: 10/31/2022 – Opened to the public
 - Initial Proposed Capital Investment: \$325,000
 - Projected Capital Investment: \$700,000

- Mission Yogurt, LLC, d/b/a Einstein's Bros Bagels, Concourse A, Contract #201952055
 - Status: 10/14/2022 – Opened to the public
 - Initial Proposed Capital Investment: \$364,500
 - Projected Capital Investment: \$600,00

- Emerging Airport Partners, LLC d/b/a Half Moon Empanadas, Concourse B, Contract #201952064
 - Status: In Design – Target opening 3/7/20223
 - Initial Proposed Capital Investment: \$375,000
 - Projected Capital Investment: \$1,200,000

- The Ave Group, LLC, d/b/a Novo Coffee, Concourse B, Contract #201952059
 - Status: In Design – Target opening Q2 2023
 - Initial Proposed Capital Investment: \$325,000
 - Projected Capital Investment: \$700,000

- DOC 1 Solutions d/b/a Superfruit Republic Juice, Concourse C, Contract #201952059
 - Status: Under Construction – Target opening 1/25/2023
 - Initial Proposed Capital Investment: \$330,000
 - Projected Capital Investment: \$1,300,000