

Walker Field Airport Authority

Minutes of the Special Board Meeting

December 2, 1997

BOARD COMMISSIONERS PRESENT: Robert McCormick Martin O'Boyle
Miles McCormack Jim Richards
Gary Morris David Graham

AIRPORT STAFF PRESENT: Corinne Nystrom Ted Balbier
Dennis Wiss David Anderson
John Thomas

ALSO PRESENT: Authority Attorney Doug Briggs; Ken and Barbara Krause of Coffee Time, L.L.C.; and Brian Park, Brad Rice, and G.R. Rice of Charlie's BBQ Wagon/Sky's Restaurant.

I. CALL TO ORDER

Chairman McCormick called the meeting to order at 5:17pm. Chairman McCormick noted Commissioner Gillett and Commissioner Graham were absent from the meeting. However, Commissioner Graham arrived at 5:25pm.

II. APPROVAL OF AGENDA

Chairman McCormick asked for additions or changes to the published agenda. There were no requests for additions, deletions, or modifications to the Agenda.

III. ACTION ITEMS

Terminal Building Concession Agreement with Coffee Time, Inc.

Staff introduced Ken and Barbara Krause of Coffee Time, Inc. to the Board. Mr. Krause noted the name Coffee Time, Inc. has been changed to Coffee Time, L.L.C. Several months ago, Coffee Time, L.L.C. (Coffee Time) approached Staff and requested it be allowed to operate an exclusive cappuccino and espresso concession, with the non-exclusive right to sell pastries and muffins, within the terminal building. Using a self-contained service unit, the location of the concession would be on the first floor of the terminal building equidistant between the up and down escalators. Coffee Time would be permitted to utilize tables and chairs in the immediate vicinity of the service unit. The provisions of the Agreement would include payments to the Authority equaling 6% of gross sales and a 2-year lease term with three 1-year renewal options. The Authority would provide electrical service to the unit.

Chairman McCormick inquired if there would be any conflict between the Coffee Time concession and a restaurant (food and beverage) concession on the 2nd floor. Commissioner

O'Boyle was also concerned as to what effects this concession would have on obtaining a new restaurant concession. Manager Nystrom noted Staff has discussed this issue, and some concern exists regarding the labor-intensiveness of a restaurant because of the required hours of operation. This concession would possibly assist a restaurant by providing morning food and beverages, thus allowing the restaurant to be open for lunch and into the evening hours. She posed the question to the Board of whether a restaurant concessionaire should be required to be open during morning hours.

Commissioner Richards commented that regardless of who obtains the restaurant concession, converting the restaurant area to a no smoking area would cost a considerable amount of money. Commissioner O'Boyle stated he was concerned that this Action Item should be considered within the larger food and beverage plan of the Airport. Manager Nystrom noted the owners of Coffee Time approached Staff with the proposal of operating their concession prior to Staff receiving the letter from Steve Robertson requesting that he be allowed to terminate his concession agreement for the restaurant and lounge.

Chairman McCormick asked how previous restaurant concession agreements addressed the issue of exclusivity. Manager Nystrom noted that vending machine services have historically been allowed in addition to the restaurant concession.

Commissioner Richards noted that many hotels offer services similar to the proposal by Coffee Time so as to decrease its expenses of operating their kitchens. Manager Nystrom commented she had solicited feedback from an Authority employee who had previously managed the restaurant at the Airport. As a result of this feedback and the historic record of past restaurants, Staff suggested that the Board take a serious look at what is being offered now and compare it with what other similar-sized airports offer.

Mr. Krause stated that he and Mrs. Krause offer marketing skills and would like to solicit for meetings at the Airport with catering. Chairman McCormick inquired as to what niche would be left for food and beverage service if this concession were approved. Manager Nystrom commented the niche would be for people catching flights between the hours of 11am and 8pm who want a quick snack. Chairman McCormick also asked how the lounge would fit-in to this plan. Manager Nystrom responded that according to feedback from the Authority employee who previously managed the concession, the lounge subsidizes the snack bar/restaurant on some days, and on other days, it is just the opposite. Thus there are options for bidding out the restaurant and lounge: Bid out the restaurant and the lounge together, bid the restaurant and the lounge separately, or a combination thereof. The reasoning for this is that there may be a lounge operator who does not wish to operate the food concession. For other operators, the opposite may be true. Staff recommended allowing a bidder to bid on one or the other concession, or both concessions together.

Commissioner Morris asked Staff to whom the request for proposals would be sent. Manager Nystrom responded Staff would like the Board's direction for the target vendors. Commissioner Richards asked if any prior restaurant operator was profitable. Manager Nystrom stated there has not been a profitable restaurant concessionaire since the opening of the existing terminal. She cautioned that if a new concessionaire tries to duplicate prior operations, the concessionaire may not succeed. Mr. Krause commented that if the Board desired, Coffee Time could expand its menu to include sandwiches and other food items.

Commissioner McCormack noted the Coffee Time concession would be a bridge to the Authority's restaurant possibilities and that Coffee Time's offering bakery items will probably not make or break a restaurant concessionaire. Commissioner Graham asked if the Coffee Time concession would be in lieu of sending out requests for proposals for a restaurant concession.

Manager Nystrom noted the Coffee Time concession would be in addition to soliciting for a new restaurant concession. Chairman McCormick asked if another concession within the terminal could offer flavored coffee. Staff responded that the only exclusive items provided in the Coffee Time Agreement would be cappuccino and espresso.

Commissioner Richards moved to approve the Lease Agreement between Coffee Time, L.L.C. and the Authority. Commissioner McCormack seconded. Roll call: ayes- Commissioner McCormack, Commissioner Graham, Commissioner Richards, and Commissioner Morris; nays- Chairman McCormick and Commissioner O'Boyle. Motion carried.

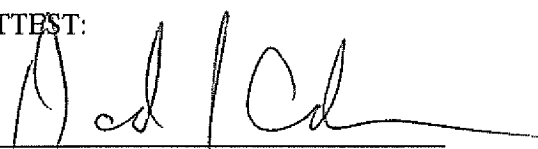
IX. ADJOURNMENT

There being no further business to come before the Board, Commissioner O'Boyle moved to adjourn the meeting. Commissioner Richards seconded the motion. Unanimously carried. The meeting was adjourned at 5:56pm.

APPROVED AND ADOPTED THIS 16th DAY OF December, 1997.


Robert W. McCormick, Chairman

ATTEST:


David J. Anderson, Clerk