



City of Killeen

Legislation Text

File #: RS-17-115, **Version:** 1

Consider a memorandum/resolution approving use of a Request for Proposal (RFP) for the selection of a food service and beverage concession tenant at Killeen Fort Hood Regional Airport.

DATE: **October 17, 2017**

TO: **Ronald L. Olson, City Manager**

FROM: **Matthew Van Valkenburgh A.A.E., Executive Director of Aviation**

SUBJECT: USE OF A REQUEST FOR PROPOSAL (RFP) FOR THE SELECTION OF A FOOD SERVICE AND BEVERAGE CONCESSION TENANT AT KILLEEN FORT HOOD REGIONAL AIRPORT

BACKGROUND AND FINDINGS:

The Killeen-Fort Hood Regional Airport terminal building was originally built and designed with a common food court area surrounded by two types of food/beverage facilities. The north side of the area included a full kitchen and food service area while the south side was designed as a bar. When the airport initially opened in 2004, one company operated a Subway franchise sandwich shop from the north side and another company operated a bar on the south side. In 2010 the bar operator closed and the facility was leased to Green Beans Coffee, Inc. who operated a coffee bar with associated pastries and snacks also offered. In June 2016, the Subway franchise closed; that space has remained vacant. In November 2016, the Green Beans Coffee, Inc. assigned the lease agreement to a partnership who continued the business as a franchise operation. On September 20, 2017, the coffee bar business was closed and the tenant requested early termination of the lease agreement. As a result of the closure of these businesses, the airport has no on-site prepared / served food or drink service available. The only food and drink services currently available are prepackaged products either through vending machines or the gift shop.

It is staff's recommendation to seek proposals from qualified food, drink, and bar vendors to operate the available food and beverage facilities at the airport as a concession operation.

The RFP process will allow the proposers to use their expertise and experience to offer a full spectrum of appropriate food and drink services for the public and will allow staff to negotiate a lease agreement to maximize the revenue to the airport. The proposal review process will examine the content of each proposal and consider the proposers experience in similar operations in other locations, references, innovative services ideas, and other factors to locate the best fit with the best revenue potential for the airport.

After selection, staff will negotiate a lease agreement with the selected company that will then be submitted to City Council for approval.

THE ALTERNATIVES CONSIDERED:

Alternatives considered: (1) use the RFP process to evaluate and select a tenant that will offer the food and drink services that best fit the needs of airport customers while providing optimum revenue to the airport; (2) use a bid process; or (3) use a request for qualification (RFQ) process.

Which alternative is recommended? Why?

Staff recommends alternative 1. The RFP procurement method will offer the best value to the City and provide the airport with the opportunity to consider the proposers best ideas for the specific types of products and services to be offered to the public as well as considering the proposers' proposed revenue to the airport for the privilege of conducting business in airport facilities. The standard bid process would require staff to establish a set specific product and service method and use the amount to be paid as the primary selection determination. An RFQ method would determine a proposer that could provide services, but would not allow the consideration of revenue to the airport in the selection process.

CONFORMITY TO CITY POLICY:

Yes

FINANCIAL IMPACT:

None

What is the amount of the expenditure in the current fiscal year? For future years?

N/A

Is this a one-time or recurring expenditure?

N/A

Is this expenditure budgeted?

N/A

If not, where will the money come from?

N/A

Is there a sufficient amount in the budgeted line-item for this expenditure?

N/A

RECOMMENDATION:

Staff recommends that City Council make a determination that the RFP process offers the best value to the City and authorize staff to utilize the RFP process to identify and select the most responsive tenant to operate a food and beverage concession at the Killeen-Fort Hood Regional Airport.

DEPARTMENTAL CLEARANCES:

Finance

Legal

ATTACHED SUPPORTING DOCUMENTS:

N/A