

**CITY OF EL PASO, TEXAS
REQUEST FOR COUNCIL ACTION (RCA)**

DEPARTMENT: Financial Services Department-Purchasing Division
AGENDA DATE: December 5, 2006
CONTACT PERSON/PHONE: Enrique Acosta, C.P.M.- Procurement Analyst, 541-4321
DISTRICT(S) AFFECTED: 3 Terrance Freiburg, 541-4313

SUBJECT:

Award RFP 2007-003R "Lease, Develop & Operate News, Gifts and Specialty Retail Concessions at the El Paso International Airport" to The Paradies Shops, Inc., which received the highest score from the Evaluation Committee. The Departments of Financial Services-Purchasing Division and Aviation concur with the results.

The term of this contract is comprised of two parts, the Interim Term and the Primary Term. The Interim Term will begin January 1, 2007, and will terminate upon delivery of newly constructed concession areas to The Paradies Shops, Inc. (estimated Spring 2008). The Primary term is ten (10) years after possession of newly constructed concession areas to The Paradies Shops, Inc.

BACKGROUND / DISCUSSION:

The City of El Paso issued Request for Proposals offering news, gifts and specialty retail concessions totaling approximately 5760 square feet in 6 locations at El Paso International Airport. The Paradies Shops, Inc. will have the non-exclusive right to develop and operate these facilities.

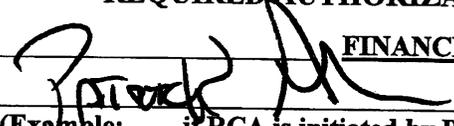
The Evaluation Committee reviewed the proposals, and after presentations by all proposers, scored the four proposals that were submitted. The Paradies Shops, Inc. received the highest score. The Committee Evaluation Sheet is included in the agenda backup.

PRIOR COUNCIL ACTION:
N/A.

AMOUNT AND SOURCE OF FUNDING:
Revenue contract

BOARD / COMMISSION ACTION:
N/A

*****REQUIRED AUTHORIZATION*****

LEGAL: (if required) _____ **FINANCE:** (if required) _____
DEPARTMENT HEAD:  _____
(Example: if RCA is initiated by Purchasing, client department should sign also)
Information copy to appropriate Deputy City Manager

APPROVED FOR AGENDA:

CITY MANAGER: _____ **DATE:** _____

PROJECT FORM

DATE: November 21, 2006

PROJECT: Lease, Develop and Operate News, Gifts & Specialty Retail Concessions at the El Paso International Airport

RFP NO: 2007-003R DEPARTMENT: Department of Aviation

BUDGET NO: Revenue Contracts

FUNDING SOURCE: Revenue Contracts

REPRESENTATIVE DISTRICT(S): 3

RECOMMENDATION:	VENDOR:	The Paradies Shops, Inc. Atlanta, GA
	AMOUNT:	\$11,164,367.00 (Projected Revenue During the Contract's Term)
	AMOUNT:	\$ 2,841,302.00 (Initial Capital Improvements)

The Review Committee recommends award as indicated. The Paradies Shops, Inc. submitted the highest ranked and best proposal to meet the needs of the City.

The term of this contract is comprised of two parts, the Interim Term and the Primary Term. The Interim Term will begin January 1, 2007, and will terminate upon delivery of newly constructed concession areas to The Paradies Shops, Inc. (estimated Spring 2008). The Primary Term is ten (10) years after possession of newly constructed concession areas to The Paradies Shops, Inc.

The Paradies Shops, Inc. has committed \$2,841,302.00 to initial capital improvements for all concession areas, which was the highest capital improvement amount proposed.

Furthermore, it is requested that staff be authorized to negotiate, the City Attorney's Office to review and the City Manager execute any additional documents and agreements as necessary.

RFPs SOLICITED	<u>10</u>
RFPs RECEIVED	<u>04</u>
"NO BID" RECEIVED	<u>00</u>
CURRENT TAXES PAID	<u> </u>
OUT-OF-TOWN--	<u> X </u>

TOTAL RECOMMENDED AWARD: \$14,005,669.00

COUNCIL APPROVED REJECTED MUNICIPAL CLERK _____

APPROVED:

COUNCIL:
MEETING DATE-December 5, 2006



 Terrance Freiburg
 Purchasing Manager



El Paso International Airport

MEMORANDUM

TO: Terrence Freiburg
Purchasing Manager

FROM: Patrick T. Abeln, A.A.E.

DATE: November 27, 2006

SUBJECT: Solicitation No. 2007-003R - Lease, Develop & Operate News, Gifts and Specialty Retail Concessions at the El Paso International Airport

The Department of Aviation concurs with the recommendation of the Evaluation Committee to award the above-referenced solicitation to The Paradies Shops, Inc. The Paradies Shops, Inc. received the highest score from the Evaluation Committee. They submitted a comprehensive proposal that favorably addressed all factors within the solicitation, including previous airport experience, capital investment, and inclusion of local themes.

The Department of Aviation recommends award of this contract to The Paradies Shops, Inc.

Attached is a detailed memorandum to the Mayor and City Council outlining key issues identified in the evaluation process.

If you should have any questions, please do not hesitate to contact me at 780-4736. Thank you.



El Paso International Airport

MEMORANDUM

TO: Joyce Wilson, City Manager
Mayor & Council

FROM: Patrick T. Abeln, A.A.E. *Patrick Abeln*
Director of Aviation

DATE: November 27, 2006

RE: Award of RFP 2007-003R Lease, Develop and Operate News, Gifts and Specialty Retail Concessions at El Paso International Airport

The purpose of this memo is to discuss the award of the News, Gifts and Specialty Retail Concessions Contract at El Paso International Airport (EPIA) and to provide Council with background and analysis that support the concurrence of the Department of Aviation with the recommendation of the Evaluation Committee (the Committee).

Four companies submitted proposals: El Paso Air Ventures, JV, Host International (HMSHost), The Paradies Shops, Inc., and NGS-El Paso Joint Venture.

The Committee reviewed the proposals in accordance with the defined selection criteria, listed below, which were clearly defined in the RFP and in the presentation at the pre-proposal conference.

- Experience and Qualifications
- Merchandising and Concept Plan
- Facility Design
- Management and Operations Plan

The Committee consisted of five City employees: two (2) from the Department of Aviation, one (1) from the City Manager's Office, one (1) from the Department of Engineering, and one (1) from Economic Development. The Director of Aviation was not a member of the Committee. Two (2) members of City Council reviewed the written proposals and participated in viewing aspects of the proposer's presentations.

Presentations were made by all proposers before the proposals were scored by the Committee. With a possible total of 500 points, the Committee's cumulative scores were:

The Paradies Shops, Inc.	439 Points (88% of total possible points)
El Paso Air Ventures, JV,	368 Points (74% of total possible points)
Host International (HMSHost)	356 Points (71% of total possible points)
NGSI-El Paso Joint Venture	339 Points (68% of total possible points)

The attached Exhibit I outlines key aspects from the proposals which were submitted.

The Paradies Shops, Inc. received the highest score from the Committee and proposes the following concepts:

- Plaza News – News, magazines, books, traveler convenience items, snacks, and beverages presented in a setting reminiscent of the historic Plaza Theatre.
- CNBC News/ CNBC New Express – News, magazines, books, traveler's convenience items, snacks, and chilled beverages.
- Barnett Harley Davidson – Harley Davidson/Barnett Harley Davidson apparel, gifts, accessories and souvenirs.
- Sun City Travel Mart – News, magazines, books, traveler's convenience items, snacks, chilled beverages.
- Explore El Paso! – Products indigenous to El Paso, West Texas, Southern New Mexico, and Northern Mexico. Includes local themed gourmet foods, gifts, jewelry, apparel, sports related merchandise.
- Borders – Books and related accessories.
- El Paso Saddleblanket Company – Indian jewelry, pottery and baskets, Mexican rugs, blankets and silver giftware, local indigenous souvenirs, clothing, gifts and gourmet foods.

The attached Exhibit II is terminal diagram denoting the location of each concept.

The Paradies Shops Inc. has committed \$2,841,302 to initial capital improvements for all concession areas which was the highest capital improvement amount proposed. The attached Exhibit III denotes the capital investment amount for each proposal.

Projected gross sales of \$87,203,017 for the contract term will result in projected revenue to the Department of Aviation estimated at \$11,164,367 over the term of the contract. **Note that projected revenue was not a criterion for evaluation and was not considered when scored by the Committee.**

The Department of Aviation concurs with the recommendation of the Committee and believes that the goal of selecting a first-class News, Gifts and Specialty Retail Concession, featuring local themes and concepts, was accomplished with this process.

Exhibit I

	The Paradies Shops, Inc.	El Paso Air Ventures, JV (Hudson Group)	Host International (HMS Host)	NGSI-El Paso Joint Venture
Concepts	<ul style="list-style-type: none"> ○ Plaza News ○ CNBC News El Paso/CNBC News Express ○ Barnett Harley Davidson ○ Sun City Travel Mart ○ Explore El Paso ○ Borders (books) ○ El Paso Saddleblanket Company 	<ul style="list-style-type: none"> ○ Hudson News ○ CNN El Paso ○ Hudson Booksellers ○ El Paso Market 	<ul style="list-style-type: none"> ○ El Paso News Connection & Simply Books Express ○ Sun City News Express ○ Star City News/ Emporium ○ Simply Books ○ Bijoux Turner 	<ul style="list-style-type: none"> ○ News to You El Paso ○ Mercado del Sol ○ Novel Ideas – (books) ○ Stars of El Paso
Capital Investment (Amount per square foot based on total of 5760 square feet.)	<ul style="list-style-type: none"> ○ \$2,841,302 ○ \$493 per square foot 	<ul style="list-style-type: none"> ○ \$2,165,100 ○ \$376 per square foot 	<ul style="list-style-type: none"> ○ \$2,240,169 ○ \$389 per square foot 	<ul style="list-style-type: none"> ○ \$1,596,154 ○ \$277 per square foot
Number of Employees and Wages	<ul style="list-style-type: none"> ○ 41 Employees <ul style="list-style-type: none"> 1 General Manager 2 Assistant General Manager 1 Bookkeeper 1 Warehouse/Delivery Manager 3 Receiving/Replenishment Associates 6 Sales Team Leaders 27 Sales Associates ○ \$9.00/hr starting salary for Sales Associates 	<ul style="list-style-type: none"> ○ Staffing levels that correspond to peaks and valleys ○ Self imposed living wage 	<ul style="list-style-type: none"> ○ 23 Employees <ul style="list-style-type: none"> 1 Manager 3 Assistant Manager 19 Sales Associates ○ \$7.00/hr average for Sales Associates 	<ul style="list-style-type: none"> ○ 30 Employees <ul style="list-style-type: none"> 1 Manager 1 Assistant Manager 3 Supervisors 1 Buyer/Reorder Clerk 1 Warehouse Clerk 23 Sales Associates ○ Benchmark positions to ensure competitive salaries
Number of Airport Locations	<ul style="list-style-type: none"> ○ 65 Airports 	<ul style="list-style-type: none"> ○ 58 Airports 	<ul style="list-style-type: none"> ○ 23 Airports 	<ul style="list-style-type: none"> ○ 36 Airports
DBE Participation	<ul style="list-style-type: none"> ○ 10% Goal ○ Joint Venture with Hot Property, Inc. dba Lorraine Wardy Enterprises ○ 90% The Paradies Shop, Inc. – 10% Lorraine Wardy Enterprises 	<ul style="list-style-type: none"> ○ 5% Goal ○ Joint Venture with Humberto and Yoliette Founier dba 66Line by Don Haskins ○ 95% Hudson Group – 5% 66Line by Don Haskins 	<ul style="list-style-type: none"> ○ 7.5% Goal ○ Sublease Bijoux Turner location. Will work with Hispanic Chamber of Commerce to locate operator. 	<ul style="list-style-type: none"> ○ 20% Goal ○ Joint Venture with Letty West ○ 80% NGSI – 20% Letty West
Evaluation Committee Score (Possible total of 500 points)	<ul style="list-style-type: none"> ○ 439 Points (88% of total points) 	<ul style="list-style-type: none"> ○ 368 Points (74% of total points) 	<ul style="list-style-type: none"> ○ 356 Points (71% of total points) 	<ul style="list-style-type: none"> ○ 339 Points (68% of total points)

Exhibit II

The Paradies Shops, Inc.

Newsstand / Specialty Concept

Barnett Harley Davidson
Sun City Travel Mart
Explore El Paso

Lower Level
Newsstand Concept

Plaza News

Specialty Books Concept

Borders

Retail Concept

El Paso Saddleblanket

Newsstand Kiosk Concept

CNBC News El Paso

Newsstand Wall Concept

CNBC News Express

Exhibit III

Proposed Capital Investment						
ID	Location	SF	The Paradies Shops, Inc.	NGSI - El Paso Joint Venture	El Paso Air Ventures JV (Hudson Group)	Host International (HMS Host)
1LSR	Landside	1,538	\$ 647,117	\$ 351,241	\$ 538,300	\$ 555,456
1AR	Con. A	100	\$ 90,417	\$ 60,900	\$ 35,000	\$ 70,250
1BR	Con. B	2,460	\$ 1,005,567	\$ 676,955	\$ 861,000	\$ 754,675
3BR	Con. B	515	\$ 503,717	\$ 110,889	\$ 329,350	\$ 335,400
2BR	Con. B	437	\$ 237,817	\$ 208,800	\$ 152,950	\$ 269,888
4BR	Con. B	710	\$ 356,667	\$ 187,369	\$ 248,500	\$ 165,000
Other						\$ 89,500
	<i>Total</i>	<i>5,760</i>	\$ 2,841,302	\$ 1,596,154	\$ 2,165,100	\$ 2,240,169
	<i>Capital Inv./SF</i>		\$ 493	\$ 277	\$ 376	\$ 389

Prepared by Unison Maximus Consulting Solutions

RFP OFFEROR CERTIFICATION

The evaluation of offers for RFP 2007-003R - Lease, Develop and Operate News, Gifts, and Specialty Retail Concessions at El Paso International Airport has been completed.

The offeror, The Paradise Shops, Inc., has received the
(Vendor's Name)

highest score, 439, and is; therefore, certified as rating the highest score this solicitation.

I, Monica Vera, of Aviation
(Name) (Department)

I, Maquica Sombraña, of Aviation
(Name) (Department)

I, Luci Portocella, of Econ Dev.
(Name) (Department)

I, [Signature], of CMO
(Name) (Department)

I, [Signature], of Engineering
(Name) (Department)

, concur with this certification on this the 17th day of November 2006.

Note: Ideally, the number of Evaluators shall be an odd number, either three to five each.

RFP Criteria Committee Score Sheet

RFP 2007-003R - Lease, Develop and operate News, Gift and Specialty Retail Concessions at El Paso International Airport

	El Paso Air Ventures, JV	The Paradies Shops, Inc.	Host International	NGSI – El Paso Joint Venture
Experience and Qualifications – Respondent, Subtenants, and Other Entities (0 - 100 Points)	82	93	85	73
Merchandising and Concept Plan (0- 150 Points)	110	138	102	107
Facility Design (0 150 Points)	104	121	99	87
Management and Operations Plan (0- 100 Points)	72	87	71	72
TOTAL POINTS (0 - 500 Points)	368	439	357	339

Note: Projected revenue was NOT a criterion for evaluation and was not considered when scored by the Committee.

**HDS RETAIL, NORTH AMERICA
36 TORONTO STREET, SUITE 1200
(ONTARIO), CANADA, CANADA
M5C 2C5**

**CREATIVE HOST SERVICES, INC.
CORPORATE HEADQUARTERS
16955 VIA DEL CAMPO, SUITE 110
SAN DIEGO, CA 92127**

**HMSHOST CORPORATION
6600 ROCKLEDGE DRIVE
BETHESDA, MD 20817**

**DELAWARE NORTH COMPANIES
GLOBAL HEADQUARTERS
40 FOUNTAIN PLAZA
BUFFALO, NY 14202**

**BAA USA, INC.
PITTSBURGH INTERNATIONAL
AIRPORT
P.O. BOX 12318
PITTSBURGH, PA 15231**

**CONCESSIONS
INTERNATIONAL, LLC
566 WELLS STREET S.W.,
ATLANTA, GA 30312**

**HUDSON GROUP
ONE MEADOWLANDS PLAZA
SUITE 902
EAST RUTHERFORD, NJ 07073**

**THE PARADIES SHOPS, INC.
5950 FULTON INDUSTRIAL
BOULEVARD, S.W.
ATLANTA, GA 30336**

**NGSI NEWS & GIFT SHOPS
INTERNATIONAL, LLC
1011 NORTH FRIO STREET
SAN ANTONIO, TX 78207-1811**

**WESTFIELD GROUP
UNITED STATES HEAD OFFICE
11TH FLOOR,
11601 WILSHIRE BOULEVARD,
LOS ANGELES, CA 90025**