

Metropolitan Airports Commission



Management and Operations Committee

Regular Monthly Meeting Agenda

Wednesday, March 03, 2010

1:00 pm

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SEE ATTACHED INFORMATION REGARDING SECURITY CHECKPOINT INFORMATION

MANAGEMENT AND OPERATIONS COMMITTEE

Mike Landy, Chair
Andy Westerberg, Vice Chair
Pat Harris
Jack Lanners, Commission Chair
Bert McKasy, FD&E Chair
John McDonald
Don Monaco
Paul Rehkamp
Sherry Stenerson
Daniel Boivin, HR&AA Chair

METROPOLITAN AIRPORTS COMMISSION NOTICE OF REGULAR MEETING MANAGEMENT & OPERATIONS COMMITTEE

**Wednesday, March 3, 2010 1:00 p.m.
Room 3048A, Lindbergh Terminal
Wold-Chamberlain Field
Minneapolis-St. Paul International Airport**

AGENDA

OPEN FORUM

The open forum is a portion of the Commission meeting where persons will be allowed to address the Commission on subjects which are not a part of the meeting agenda. Speakers are asked to limit their remarks to two minutes each. Persons wishing to speak must complete a sign-up card prior to the start of the meeting. The sign-up card should be given to any staff person. The Commission may take action or reply at the time of the statement of may give direction to staff at the end of the meeting regarding investigation of the concerns expressed

CONSENT

1. RECOMMENDATION REGARDING ANNUAL RADIO SYSTEM OPERATING COSTS PAYMENTS
Dave Ruch – Director, Information Services
2. RECOMMENDATION REGARDING ANNUAL EQUIPMENT LEASE AGREEMENT
Brad Johnson – Purchasing Manager
3. REQUEST AUTHORIZATION TO ISSUE A REQUEST FOR PROPOSALS FOR A SPECIALTY RETAIL CONCESSION OPERATOR AT THE LINDBERGH TERMINAL
Rebecca A. Zwart - Assistant Manager, Concessions and Business Services
4. REQUEST AUTHORIZATION TO CHANGE TERMS IN OUTDOOR ADVERTISING CONCESSION
Bruce Rineer - Assistant Manager Concessions and Business Development
Jennifer Prihoda, Properties & Projects Administrator, Commercial Management & Airline Affairs

5. RECOMMENDATION TO AWARD SPECIALTY RETAIL MERCHANDISING UNIT (RMU) CONCESSION AT HUMPHREY TERMINAL
Bruce Rineer - Assistant Manager Concessions and Business Development

DISCUSSION – ACTION

6. REQUEST AUTHORIZATION TO UPGRADE THE PUBLIC PARKING REVENUE CONTROL SYSTEM
Arlie Johnson, Assistant Director of MSP Operations/Landside
Dave Ruch, Director, Information Systems
7. REQUEST AUTHORIZATION TO AWARD TELECOMMUNICATIONS CONCESSION
Bruce Rineer - Assistant Manager Concessions and Business Development
8. RECOMMENDATION TO AWARD HIGH TECH ELECTRONIC RETAIL STORE CONCESSION.
Joe Anderson, Manager - Concessions Development
9. RECOMMENDATION TO AWARD GOLF EXPERIENCE CENTER CONCESSION
Joe Anderson, Manager - Concessions Development
10. RECOMMENDATION TO AWARD SHOE SHINE CONCESSION..
Joe Anderson, Manager - Concessions Development

Materials for this meeting are available at the following website:

<http://www.metroairports.org/mac/meetings/default.aspx>

SECURITY CHECKPOINT INFORMATION

Stop by the information booth near the tram station on the Tram Level. At the information booth, you will be asked to complete a security checkpoint access form and show valid, government-issued photo identification, such as a driver's license. Take your completed access form with you up two floors, to the Ticketing Level security checkpoints. Show your approved access form to security checkpoint personnel. You will then be screened just as if you were traveling. Access forms are only valid for the purpose of attending a public MAC meeting at a particular date and time.

Commission Chambers are located on the Mezzanine Level overlooking the airport's central shopping area (above Chili's Restaurant), past the main security checkpoints.

Allow yourself at least 30 minutes to park, complete the access form and get through the security checkpoint prior to the meeting.

Parking in the following areas will be validated; please bring your parking ticket to the meeting.

Directions to the Tram Level Information Booth

From short-term parking: At the Lindbergh Terminal entrance, take the escalator or elevator down to Tram Level. The information booth is straight ahead, in the center of the room.

From general parking: If you park in the **Blue or Red** ramps, take the elevator down to the tram, which will transport you directly to the Lindbergh Terminal's Tram Level. When you exit the tram, the information booth is straight ahead, in the center of the room. If you park in the **Green or Gold** ramps, take the skyway to the Lindbergh Terminal's Mezzanine Level. From there, take an elevator or escalator to Tram Level. The information booth is straight ahead, in the center of the room.

MEMORANDUM

ITEM 1

TO: Management & Operations Committee

FROM: Dave Ruch, Director Information Systems (612 726-8168)

SUBJECT: RECOMMENDATION REGARDING ANNUAL RADIO SYSTEM OPERATING COSTS PAYMENTS

DATE: February 18, 2010

MAC uses the region-wide Allied Radio Matrix for Emergency Response (ARMER) 800MHz digital trunked radio system for both emergency and day to day operations. The system not only allows seamless radio communication among MAC departments, it also connects MAC to other metro public safety and emergency resources, an essential capability in time of emergency. Prior to implementation of this system, the MAC operated four separate radio systems using several different technologies. The 800 MHz system has proven to be a highly successful communications tool.

The 800 MHz system was funded in large part by grants. The total system cost when it was installed was \$ 2,799,741.00. Of that amount, \$ 1,381,016.70 was provided through ARMER grants. One of the key elements of the overall system is the network, with nodes located around the metro area. In 2006, the MAC offered and became the host for the node formerly located on the Whipple Federal Building, contributing to the overall operation of the system.

MAC entered into a Communications System Subscriber Agreement with Hennepin County to obtain access to the ARMER system via the County's radio sub-system when the system was installed in 2004. The agreement calls for MAC to pay for the prorated operating costs attributable to MAC's incremental use of the system. For 2010, MAC's portion of the operating costs is \$50,388.76. Funds for this have been included in the 2010 budget.

This same agreement with Hennepin County also includes maintenance and service of the radios. The Subscriber Fleet Support Fee includes programming, maintenance, repair, software updates, technical support, database and configuration support, access to the special event shared pool of radios, repair of loaner radios, training support, and other costs attributable to supporting the radio fleet. This agreement also includes a Radio Board Fee, which is a pass-through fee charged by the Statewide Radio Board and the Metropolitan Emergency Services Board to all radio users on the system. This fee includes a \$20.00 software subscription charge for our Motorola radios. This subscription includes Enhancement Releases and Core releases for Motorola Software for the radios.

The agreement calls for MAC to pay for the prorated administration costs per radio per year. For 2010, the cost per radio is \$191.97, which is broken down into \$159.84 to Hennepin County and \$32.13 to the Radio Board. MAC currently owns and operates a combination of portable, mobile and console base station radios totaling 626 radios. The current total for 2010 is \$120,173.22 which is paid on a monthly basis. Funds for this have also been included in the 2010 budget.

COMMITTEE ACTION REQUESTED:

THAT THE MANAGEMENT AND OPERATIONS COMMITTEE RECOMMEND TO THE FULL COMMISSION THAT THE INFORMATION SERVICES DEPARTMENT BE AUTHORIZED:

1. TO PAY ITS SHARE OF THE PRO RATA OPERATING COSTS TOTALLING \$50,388.76 TO HENNEPIN COUNTY FOR USE OF THE ARMER 800MHz RADIO SYSTEM,
2. TO PAY THE COST OF THE ANNUAL COMMUNICATIONS SYSTEM SUBSCRIBER AGREEMENT TOTALING \$120,173.22 TO HENNEPIN COUNTY FOR ADMINISTRATION OF THE ARMER 800MHz RADIO SYSTEM, AND
3. THAT THE EXECUTIVE DIRECTOR OR HIS DESIGNEE BE AUTHORIZED TO EXECUTE THE NECESSARY DOCUMENTS.

MEMORANDUM

ITEM 2

TO: Management & Operations Committee

FROM: Brad Johnson, Purchasing Manager (612-726-8147)
Mike Hagerty, Accounting Manager (612-726-8149)

SUBJECT: RECOMMENDATION REGARDING ANNUAL EQUIPMENT LEASE AGREEMENT

DATE: February 17, 2010

Minnesota Data Practices Act

Under state law, information submitted by proposers to MAC and information created or maintained by MAC as part of the evaluation process remains not public until MAC has completed negotiating the contract with the selected proposer(s). The names of the proposers, however, are public once the proposals are opened. Information contained in the proposals and the Not Public Memorandum is not public and should not be disclosed to anyone other than MAC Commissioners and staff. Notwithstanding the foregoing, Commissioners may discuss the information contained in the proposal(s) or the Not Public Memorandum at the Committee and Commission meetings to the extent reasonably necessary to conduct the business at hand. **The information contained in this memorandum is public data.**

When the 2010 budget was approved in December, 2009, it included a list of capital assets to be acquired in 2010. During the 2010 budget process it was presented to the Commission that capital assets would be acquired using MAC funds, or financed using third party financing. The list of equipment to be financed is found in Attachment A. The purpose of using the equipment financing mechanism is to obtain a partial recovery of the costs of the assets through airline and tenant rates and charges.

In order to locate third party financing companies, staff advertised on the MAC Web site and the State of Minnesota solicitation page. Twenty six vendors reviewed the solicitation and four submitted bids.

Staff is recommending award of this bid as follows: Global Capital for the 2 year leases and Wells Fargo for the 5 and 10 year leases.

All equipment is being acquired through open bidding or our State of Minnesota Cooperative Purchasing Venture membership.

Specifications:

MAC desires the total dollar amounts of the leases described in Attachment A to be placed in escrow accounts from which the dollars will be withdrawn over a period of months.

Equipment will be ordered periodically within the first 6 months of the lease agreements.

Delivery of equipment is dependant upon the availability of the unit and manufacturing time with acceptance occurring after inspection by Field Maintenance personnel. All equipment is expected to be delivered and accepted within the first 12 months of the agreement. As equipment is accepted MAC will notify the lending institution holding the escrowed funds of

the amount of dollars and the name of the supplier to whom payment will be made by the lending institution.

Pricing

The bid tabulation is found in Attachment B and reflects the pricing submitted by the four bidders and the low bid for each term.

COMMITTEE ACTION REQUESTED:

THAT THE MANAGEMENT AND OPERATIONS COMMITTEE RECOMMEND TO THE FULL COMMISSION:

1. ACCEPTANCE OF THE LOW BIDS FROM GLOBAL CAPITAL FOR THE 2 YEAR LEASES (\$37,814.17/ 4 SEMI-ANNUAL PAYMENTS) AND WELLS FARGO FOR THE 5 YEAR LEASES (\$46,943.04/ 11 SEMI-ANNUAL PAYMENTS) AND THE 10 YEAR LEASES (\$114,306.17/ 21 SEMI-ANNUAL PAYMENTS).
2. THAT CONTRACTS WITH GLOBAL CAPITAL AND WELLS FARGO BE ENTERED INTO AND,
3. THAT THE EXECUTIVE DIRECTOR OR HIS DESIGNEE BE AUTHORIZED TO EXECUTE THE NECESSARY DOCUMENTS.

Two attachments:

ATTACHMENT A Equipment List
ATTACHMENT B Bid Tabulation

ITEM 2**ATTACHMENT A
EQUIPMENT LIST**

Quantity	Amount Financed	Description of Equipment	Finance Period	MAC Owns at End of Lease
1	\$27,300	4 x 4 Replacement Truck	10 years	Yes
2	\$236,000	Field Tractor w/Plow	10 years	Yes
1	\$35,000	Skidsteer	10 years	Yes
1	\$801,600	Snow Removal Vehicle	10 years	Yes
1	\$760,000	High-speed Snow Blower	10 years	Yes
1	\$55,000	Small Sander w/Plow	10 years	Yes
1	\$28,500	E-ride Electric Truck	5 years	Yes
2	\$80,000	Litter Vacuum	5 years	Yes
1	\$75,000	Super-duty PU w/attach.	5 years	Yes
2	\$250,000	Multi-surface Scrubber	5 years	Yes
1	\$39,000	Hybrid (electric/fuel) PU	5 years	Yes
1	\$184,775	Tennant Sweeper	2 years	No
Total	\$2,572,175			

ITEM 2

**ATTACHMENT B
 BID TABULATION**

BIDDER NAME	2 YEAR LEASES	5 YEAR LEASES	10 YEAR LEASES
Capital One	No Bid	\$52,423.05/10 semi-annual (total payments: \$524,230.50)	\$120,469.29/20 semi-annual (total payments: \$2,409,385.80)
Global Capital	\$37,814.17/4 semi-annual (total payments over 4 years of \$151,256.68)	\$52,549.12/10 semi-annual (total payments: \$525,491.20)	No Bid
Lakeview Leasing	No Bid	\$55,578.96/10 semi-annual (total payments: \$555,789.60)	No Bid
Wells Fargo	No Bid	\$46,943.04/11 semi-annual (total payments: \$516,373.44)	\$114,306.17/21 semi-annual (total payments over 10 years of \$2,400,429.57)

Notes:

Lakeview Leasing is a TGB certified vendor so 6% needs to be added to other vendors' pricing in the 5 year lease category (The only category they bid on.). Wells Fargo is the low bidder after accounting for the 6% preference and making their total lease amount comparable to the others in terms of # of payments for 5 year leases (\$51,637.34/10 semi-annual for comparison purposes) (\$54,735.58 after adding 6%).

The Wells Fargo 10 year lease amount is \$120,021.47 when converted to 20 payments for comparison purposes.

Low Bidder shown in **Bold**.

MEMORANDUM

ITEM 3

TO: Management & Operations Committee

FROM: Rebecca Zwart (612-723-8197)
Assistant Manager, Concessions and Business Services

SUBJECT: **REQUEST AUTHORIZATION TO ISSUE A REQUEST FOR PROPOSALS FOR A SPECIALTY RETAIL CONCESSION OPERATOR AT THE LINDBERGH TERMINAL**

DATE: February 18, 2010

Staff is requesting Commission approval to issue a Request for Proposals (“RFP”) for a specialty retail store in the current Tie Rack location in the Airport Mall. The Tie Rack Lease Agreement will expire on March 31, 2010. Sales for Tie Rack have declined significantly over the past few years and Staff believes it’s time to provide a specialty retail store that offers retail products that fit the desires of today’s traveling public. Staff will ask Proposers to propose a specific retail concept, taking into account the current tenant mix at MSP.

Tie Rack recently informed MAC that it was not interested in continuing on a month-to-month holdover under the current terms of the Agreement and that it would be out of the space upon expiration of its Agreement. Staff is requesting authority to allow Tie Rack to continue operations on a month-to-month basis, waiving its MAG payment and requiring only percent rent, throughout the Specialty Retail RFP process. This would ensure the continued operation of this location throughout the RFP process, avoiding having the space sit empty, and continue to bring in rent during this interim period of time.

I. MINIMUM RFP REQUIREMENTS

- A. Proposer must provide the required proposal deposit of \$5,000.
- B. Proposer must have at least one year of continuous experience directly related to at least one service proposed.
- C. Proposer must provide three trade and one bank reference.
- D. Proposer must be authorized to do business in the state of Minnesota.
- E. Proposer must have no pending, active or previous legal action that would, in MAC’s sole judgment, prevent the proposer from fulfilling the terms of the Agreement.
- F. Proposer must provide a complete proposal as specified in the RFP.

II. SUMMARY OF KEY BUSINESS TERMS

- A. The term is five (5) years.
- B. The Monthly Guaranteed rent shall be fixed at \$7,500 and the percentage of gross revenue rent shall be bid by the proposer. Monthly rent to MAC shall be the greater of the Monthly Guaranteed rent (\$7,500) or the percentage of the month's gross revenues. MAC is guaranteed at least \$90,000 annually.
- C. The specialty retail concession is subject to a maintenance, cleaning and distribution services fee and a utility charge to offset MAC's costs for water, electricity, and HVAC.

III. REVIEW TEAM

The Review Team includes: John Greer - Assistant Director, Concessions and Business Services; Becky Zwart - Assistant Manager, Concessions and Business Services; Alan Howell – MAC Architect; Phil Burke – Assistant Airport Director, Facilities; and Anita Bellant, Diversity Manager. Advisors include Ed Podnieks – Manager, Financial Analysis and Business Planning; Joe Anderson – Manager, New Business Development; and Cameron Boyd – Attorney. Additions or substitutions may be made as the team determines necessary.

IV. EVALUATION CRITERIA

Each proposal will be evaluated based on the following criteria:

• Merchandising, Concept, & Design	500 Points
• Management and Operations Plan	300 Points
• Financial Plan	300 Points
• DBE Plan	200 Points
TOTAL POINTS POSSIBLE	1,300 Points

V. TIMING

The proposed timeline includes issuing the RFP in April, 2010. Staff plans to bring a recommendation for award to the Commission in August, 2010. The anticipated opening for the facility will be December, 2010.

VI. ADVERTISING AND DISTRIBUTION OF THE RFP

The RFP will be marketed to DBEs and other local and national operators who have expressed interest in airport concessions. The specialty retail concession opportunity will be advertised through Airport Revenue News, Airports Council International-North America, American Association of Airport Executives, on the MAC web page, and other publications as appropriate.

VII. DATA PRACTICES

Under the Minnesota Government Data Practices Act, once proposal responses are received, none of the information submitted can be discussed with anyone outside of MAC until a proposer has been selected and a contract has been negotiated. During this same time period, information created by MAC as part of the selection or evaluation process is not public. However, at the present time, there are no restrictions on Commissioners' discussions on this topic.

COMMITTEE ACTION REQUESTED:

THAT THE MANAGEMENT AND OPERATIONS COMMITTEE RECOMMEND TO THE FULL COMMISSION:

1. AUTHORIZATION TO ISSUE A REQUEST FOR PROPOSALS SEEKING A SPECIALTY RETAIL CONCESSION OPERATOR AT THE LINDBERGH TERMINAL,
2. A MONTH-TO-MONTH AGREEMENT WITH THE TIE RACK ON THE BASIS OUTLINED, AND
3. THAT THE EXECUTIVE DIRECTOR OR HIS DESIGNEE BE AUTHORIZED TO EXECUTE THE NECESSARY DOCUMENTS.

MEMORANDUM

ITEM 4

TO: Management & Operations Committee

FROM: Jennifer Prihoda, Properties and Projects Administrator, Commercial Management and Airline Affairs (612-726-8138)
Bruce Rineer, Assistant Manager, Concessions and Business Development (612-467-0511)

SUBJECT: **REQUEST AUTHORIZATION TO CHANGE TERMS IN OUTDOOR ADVERTISING CONCESSION**

DATE: February 17, 2010

I. BACKGROUND INFORMATION

In April of 2009, the Commission authorized staff to issue a Request for Bids (“RFB”) for an Outdoor Advertising Concession for the operation of the billboards located along Highway 62. Included in this bid were two new optional locations located along Highway 77 and 66th Street and Highway 77 and Cargo Road. On June 5, 2009 bids were due to MAC and no bids were received by the deadline. Both Clear Channel and CBS Outdoor sent notices that they would not be bidding on the concession at that time. There were multiple reasons cited by both companies for not bidding at that time. The economy, high percentage rent terms, build-out requirements for the optional sites, and term of contract were the top reasons given.

In December of 2009, staff requested authorization to re-issue a Request for Bids for the operation of the two (2) existing Outdoor Advertising sites located on Highway 62 plus a new location along Highway 77 and 66th Street. In addition, the RFB asked for bids on an optional fourth location, located along Highway 77 and Cargo Road, which would be included in the Lease only at MAC’s option. The basis for award would be the MAG bid for the three (3) mandatory locations. Disadvantaged Business Enterprise (“DBE”) participation was encouraged, however, not required.

The RFB was posted on MAC’s website on Thursday, January 14, 2010. A pre-bid conference was held at MAC’s General Office on January 28, 2010. The two current billboard operators were present at the conference, Clear Channel and CBS Outdoor, as well as two operators that are not currently operating in the Minneapolis area.

Staff received substantial meaningful feedback from the attendees during the pre-bid conference. After review, MAC staff now requests authority to extend the term of the concession from 10 to 15 years.

II. SUMMARY OF THE REQUEST FOR CHANGE IN TERMS

The purpose of this selection process is to raise revenue for MAC. The current Agreement term of ten (10) years is not favorable to the interested bidders due to the amortization and capital recoupment of the construction of the Highway 77 sign(s). In addition, if the current operator of the Highway 62 billboards is not awarded the new

contract, the successful bidder will need to purchase the existing structures or build new ones. Staff believes if the term is extended to fifteen (15) years, the revenue potential is greater since the operator has a longer time to recover their costs. Each Bid will be analyzed by calculating the net present value of the sum of all 15 year MAG's proposed using a discount rate of 8.5% to determine the total bid amount.

In addition to extending the term, MAC received requests from the potential bidders regarding the Rent structure. These requests specifically addressed the removal of the sixty (60) percent Concession Fee and allowing the payment to be based on a Minimum Annual Guarantee ("MAG") only. MAC will not be removing this Concession Fee, but lowering it to fifty (50) percent of Gross Sales. The operator would be paying the greater of these two yearly figures. Bidders will bid the MAG for each year of the operation, with at least a three (3) percent increase each year.

III. SUMMARY OF CHANGES TO KEY BUSINESS TERMS

- A. The term of the Outdoor Advertising Concession Agreement shall be fifteen (15) years.
- B. The Concession Fee will consist of fifty (50) percent of Gross Sales. MAG will be bid with at least a three (3) percent increase each year.

IV. TIMING

MAC will issue an addendum to the RFB addressing these changes following Commission Approval on March 15, 2010. Bids will be due on April 8, 2010. Staff plans to bring a recommendation for award to the Commission in May 2010. The contract start date will be on or about July 1, 2010.

COMMITTEE ACTION REQUESTED:

THAT THE MANAGEMENT AND OPERATIONS COMMITTEE RECOMMEND TO THE FULL COMMISSION AUTHORIZATION TO CHANGE THE TERM AND RENT STRUCTURE FOR BIDS FOR THE OPERATION OF AN OUTDOOR ADVERTISING CONCESSION ON TERMS AS OUTLINED ABOVE; AND THAT THE EXECUTIVE DIRECTOR OR HIS DESIGNEE BE AUTHORIZED TO EXECUTE THE NECESSARY DOCUMENTS.

MEMORANDUM

ITEM 5

TO: Management & Operations Committee

FROM: Bruce Rineer – Assistant Manager, Concessions and Business Development (612-467-0511)
John Greer – Assistant Director, Concessions and Business Services (612-713-8746)

SUBJECT: **RECOMMENDATION TO AWARD SPECIALTY RETAIL MERCHANDISING UNIT (RMU) CONCESSION AT HUMPHREY TERMINAL**

DATE: February 17, 2010

At its October 20, 2009 meeting, the Commission authorized staff to issue a Request For Proposals (RFP) for a specialty retail cart operator for Terminal 2–Humphrey. MAC issued the RFP in November, 2009, advertising the opportunity only to current MSP International Airport tenants. On December 8, 2009, three (3) companies attended a pre-proposal conference to learn more about the cart operation as well as visit the Terminal 2-Humphrey location. On January 22, 2010, one (1) Proposal was received in response to the RFP from the following entity: Sterling Works, Inc.

Summary of Recommendation

This public memo will address (a) the Minnesota Data Practices Act, (b) the RFP requirements, (c) the Review Team evaluation process, (d) scoring of Proposals, and (e) recommendation of award to Sterling Works, Inc.

Minnesota Data Practices Act

Under state law, information submitted by proposers to MAC and information created or maintained by MAC as part of the evaluation process remains not public until MAC has completed negotiating the contract with the selected proposer(s). The names of the proposers, however, are public once the proposals are opened. Information contained in the proposals and the Not Public Memorandum is not public and should not be disclosed to anyone other than MAC Commissioners and staff. Notwithstanding the foregoing, Commissioners may discuss the information contained in the proposal(s) or the Not Public Memorandum at the Committee and Commission meetings to the extent reasonably necessary to conduct the business at hand. **The information contained in this memorandum is public data.**

I. BACKGROUND INFORMATION

The concession program was searching for additional products to add to the limited retail assortments currently being offered to the traveling public at Terminal 2-Humphrey. The retail merchandising unit (RMU) was available due to its discontinued use at Terminal 1 – Lindbergh on the C Concourse. This opportunity was intended to find those products that would fit the needs of the traveling public that were not already being offered by other existing MSP retailers at this terminal.

II. SUMMARY OF KEY BUSINESS TERMS

The following key business terms were approved by the Commission for this RFP:

- A. The Agreement shall be for a term of two (2) years with the potential for one (1) additional year by agreement of operator and MAC.
- B. The Proposer shall bid the percent of gross sales from the operation of the services. The percent of sales bid must be at least ten percent (10%) of sales. The MAG shall be twelve thousand dollars (\$12,000; \$1,000 per month) for the RMU location. Percent rent would apply on sales after the MAG is met.
- C. The specialty retail RMU is subject to a utility charge to offset MAC's costs for electrical and HVAC. The amount of this charge shall be fifty dollars (\$50.00) per month.

III. MINIMUM REQUIREMENTS

Proposers were to meet the following minimum requirements, as set forth in the RFP:

- A. Provide a proposal deposit of \$1000.00
- B. Provide a minimum of three (3) trade and one (1) bank references
- C. Have at least one (1) year of continuous experience with a similar concept
- D. Provide a proposal in the form and format prescribed in this RFP
- E. Have no pending, active or previous legal action that would, in MAC's sole judgment, prevent the Proposer from fulfilling the obligations under the Agreement

IV. EVALUATION CRITERIA

Each proposal was evaluated and scored by a MAC Review Team based on the following criteria:

Category	Maximum Points
A. Minimum Requirements Information demonstrating that proposer meets minimum requirements, including proposal deposit, bank references, operating experience, completeness, format and content.	Pass/Fail
B. Merchandising, Concept and Design Information provided in sufficient detail to clearly define the proposed concept, products, and theme for the location and to allow it to be distinguished from other tenants at the Humphrey Terminal.	400 points
C. Management and Operations Plan Information provided in sufficient detail to allow MAC to evaluate the Proposer's management structure, operations plan, and ability to carry out the plan.	300 points
D. Financial Plan Information provided in a Proforma Operating Statement for the proposed unit which indicates the Proposer's projected gross sales and expenses.	300 points
E. DBE Plan Information provided that clearly identifies how your company plans to involve Airport Concessionaire Disadvantaged Business Enterprise (ACDBE) firms in the operations or business organization related to operating the RMU.	200 points

E. Regional / Local Concept

200 points

Information provided shows how the concept will show and involve regional and local area products, companies, and events that will reflect the "Minnesota Sense of Place".

Total: 1,400 points

V. REVIEW TEAM

The Review Team consisted of the following MAC staff:

John Greer, Assistant Director, Concessions and Business Services

Dan Foster, Assistant Director, Airline Operations and Facilities

Bruce Rineer, Assistant Manager, Concessions and Business Development

Additionally, as non scoring advisors, the Review Team was supported by:

Ed Podnieks, Manager, Financial Analysis & Business Planning

Cameron Boyd, Staff Attorney

VI. PROPOSAL REVIEW PROCESS/RESULTS

The Review Team members independently reviewed the one (1) proposal received. The Review Team then met to collectively discuss and evaluate the proposal. Based on the complete analysis, the Review Team scored the Proposal as follows:

Sterling Works - 1220

VII. REVIEW TEAM RECOMMENDATION

It is the Review Team's unanimous recommendation that Sterling Works, Inc. be selected to operate the RMU at Terminal 2-Humphrey.

COMMITTEE ACTION REQUESTED:

THAT THE MANAGEMENT AND OPERATIONS COMMITTEE RECOMMEND TO THE FULL COMMISSION:

1. SELECTION OF STERLING WORKS, INC. TO OPERATE THE HUMPHREY TERMINAL RMU.
2. THAT STAFF BE AUTHORIZED TO NEGOTIATE FINAL AGREEMENTS AND RELATED DOCUMENTS WITH STERLING WORKS, INC., AND
3. THAT THE EXECUTIVE DIRECTOR OR HIS DESIGNEE BE AUTHORIZED TO EXECUTE THE NECESSARY DOCUMENTS.

MEMORANDUM

TO: Management & Operations Committee

FROM: Dave Ruch, Director, Information Systems (726-8168)
Arlie Johnson, Assistant Director of MSP Operations/Landside (726-5568)

SUBJECT: REQUEST AUTHORIZATION TO UPGRADE THE PUBLIC PARKING REVENUE CONTROL SYSTEM

DATE: February 17, 2010

The Revenue Control System (RCS) currently manages access and revenue collection for 23,000 parking spaces, 2.6 million parking visits annually, and \$67 million annual gross sales. The RCS is also tightly integrated with the MAC Automatic Vehicle Identification System (MAVIS), which manages contract parking, commercial vehicle and taxi cab activity and billing by means of Automatic Vehicle Identification (AVI) tags.

The existing system was purchased from PES Parking Technology (now Zeag USA, Inc.) in December 1999 for \$6.3 million. Since then significant capabilities like ePark®, eTrip®, SurePark® and the Humphrey Orange and Purple ramps have been added to the RCS.

The original system specification called for an eight year life time for the RCS. The existing RCS has passed its expected life. There are several other requirements besides obsolescence that lead to the need to upgrade or replace the present system.

The system handles 1.7 million credit card transactions per year. Credit card processing is regulated by the Payment Card Industry association (PCI). Merchants like the MAC are required to meet twelve major security standards. The penalties are extremely severe if credit card data is lost, and the merchant is not in compliance with the standards. The current system is not able to continue to meet these continuously evolving standards.

The existing hardware is aging, and replacement parts are difficult to obtain and expensive when they can be found. Some of the underlying software for the database cannot be updated without major upgrades to the hardware and operating system software.

Staff has researched the current costs for replacing the system based upon recent experience at other airports.

Airport	Spaces	Year replaced	Cost
Denver	46,251	2003	\$16,526,500
LaGuardia, Kennedy, Newark	45,437	2004-09	\$27,000,000
Atlanta	31,000	2005	\$20,000,000

Upgrading the existing RCS can be accomplished for much less. A complete replacement would likely require the change out of significant amounts of existing equipment. MAC custom features that are present in the existing system (ePark®, eTrip®, SurePark®, custom revenue control reports, etc.) would need to be developed and integrated in a replacement system.

The benefits to MAC of upgrading the existing system to Zeag Orion include: moving to a new database that will reduce ongoing costs, building on existing equipment and reporting capabilities, introducing new features that improve the customer experience, adding capabilities for more flexible management ranging from rates to ticket validity and moving to current technology for network components and cashier equipment.

One of the largest benefits is maintaining PCI compliance and protecting the MAC's credit card processing. Self-payment utilizing ePark® and eTrip® is dependent upon credit card processing. These services save MAC \$2 million annually.

It is the staff recommendation that the current Zeag RCS be upgraded to Zeag's Orion product as a sole source, given the costs / benefit analysis. The funding for this is included in the approved 2010 budget and will be proposed in the 2011 budget, with half of the cost being expended in each of the two years.

COMMISSION ACTION REQUESTED:

THAT THE MANAGEMENT AND OPERATIONS COMMITTEE RECOMMEND TO THE FULL COMMISSION APPROVAL TO UPGRADE THE PUBLIC PARKING REVENUE CONTROL SYSTEM TO THE ZEAG ORION PLATFORM FOR A COST NOT TO EXCEED \$2.6 MILLION SPREAD OVER THE 2010 AND 2011 BUDGETS, AND THAT THE EXECUTIVE DIRECTOR OR HIS DESIGNEE BE AUTHORIZED TO EXECUTE THE NECESSARY DOCUMENTS.

MEMORANDUM

ITEM 7

TO: Management & Operations Committee

FROM: Bruce Rineer – Assistant Manager, Concessions and Business Development (612-467-0511)

SUBJECT: **REQUEST AUTHORIZATION TO AWARD TELECOMMUNICATIONS CONCESSION**

DATE: February 18, 2010

At its September 21, 2009 meeting, the Commission authorized staff to issue a Request For Proposals (RFP) for a Telecommunications Concession at MSP. MAC issued the RFP on October 12, 2009, advertising the opportunity in the Business Journal, American Association of Airport Executives (AAAE), and on-line on MAC's web site. On October 28, 2009, three (3) companies attended a pre-proposal conference to learn more about the Telecommunication Concession, and tour the facility. On January 28, 2010, two (2) Proposals were received in response to the RFP from the following entities: FSH Communications and Jaroth Inc., d/b/a Pacific Telemanagement Services ("PTS").

Summary of Recommendation

This public memo will address (a) the Minnesota Data Practices Act, (b) the RFP requirements, (c) the Review Team evaluation process, (d) scoring of Proposals, and (e) recommendation of award to FSH Communications.

Minnesota Data Practices Act

Under state law, information submitted by proposers to MAC and information created or maintained by MAC as part of the evaluation process remains not public until MAC has completed negotiating the contract with the selected proposer(s). The names of the proposers, however, are public once the proposals are opened. Information contained in the proposals and the Not Public Memorandum is not public and should not be disclosed to anyone other than MAC Commissioners and staff. Notwithstanding the foregoing, Commissioners may discuss the information contained in the proposal(s) or the Not Public Memorandum at the Committee and Commission meetings to the extent reasonably necessary to conduct the business at hand. **The information contained in this memorandum is public data.**

I. BACKGROUND INFORMATION

The goal of this RFP is to provide a first class, full service telecommunications concession that would benefit the Airport customers and employees, while generating maximum revenue to MAC. Proposers were asked to provide pay telephone service, pay-per-use email/internet stations, phone cards, public access video phones ("PAV's"), TTY/TDD (TeleTYpewriter/Telecommunications Device for the Deaf), and other revenue generating service options that might utilize the approved locations.

II. SUMMARY OF KEY BUSINESS TERMS

The following key business terms were approved by the Commission for this RFP:

- A. The Agreement shall be for a term of five (5) years with two (2) one (1) year options at MAC's sole discretion.

- B. The Proposer shall propose the percent of gross revenue for all local service, long distance service, pre-paid debit card sales, pay-per-use email/internet stations, and any other service provided or revenues generated from the use of equipment or services provided as part of the concession. Proposer shall not propose a percentage rent lower than twenty four (24%) percent for any category of sales.
- C. Proposer is required to provide a complete turnkey public telephone system, which includes all hardware, software, equipment, enclosures, local, interlata and intralata services, and maintenance janitorialing of all related facilities. Also included are pre-paid debit card vending, pay-per-use email/internet stations and all hardware, software, equipment enclosures and the maintenance and janitorialing of such equipment.
- D. Telecommunication Concession areas are located throughout Terminal 1-Lindbergh, Terminal 2-Humphrey and the reliever airports.
- E. Proposer shall meet all established operating requirements, service level requirements and equipment specifications as described in the RFP.
- F. All areas designated for the RFP will be delivered "as is."
- G. The selected Proposer will be responsible for completing a thorough review of the physical layout and operating conditions at both Terminal 1-Lindbergh and Terminal 2-Humphrey.
- H. Proposer does not have the right to sell advertising on equipment as part of this concession.
- I. Concessionaire shall provide adequate and trained staff to ensure operations and maintenance of the concession without interfering with the traveling public.
- J. Proposer shall list equipment planned to be utilized for the management of the telecommunication concession at both Terminal 1-Lindbergh and Terminal 2-Humphrey.
- K. No office or storage space is offered as part of this concession. Proposer may lease office or storage space from MAC.

III. MINIMUM REQUIREMENTS

Proposers were to meet the following minimum requirements, as set forth in the RFP:

- A. Provide a proposal deposit of \$5000.00
- B. Provide a minimum of three (3) trade and one (1) bank references
- C. Be authorized to do business in the State of Minnesota
- D. Have at least one (1) year of continuous experience with a similar concept
- E. Provide a proposal in the form and format prescribed in this RFP
- F. Have no pending, active or previous legal action that would, in MAC's sole judgment, prevent the Proposer from fulfilling the obligations under the Agreement
- G. Demonstrate financial capability, in MAC's sole judgment, to successfully perform under the Agreement.
- H. Submit with the proposal an affidavit of non-collusion
- I. Currently manage at least three hundred (300) public pay telephone stations providing local service, Intralata service and Interlata service.

IV. EVALUATION CRITERIA

Each proposal was evaluated and scored by a MAC Review Team based on the following criteria:

Category	Maximum Points
A. Minimum Requirements Information demonstrating that proposer meets minimum requirements, including proposal deposit, bank references, operating experience, completeness, format and content.	Pass/Fail
B. Design, Layout and Construction Plan Information provided in sufficient detail showing the quality and design of the proposed improvements and technical information for each type of equipment. Provide designs demonstrating understanding of ADA requirements.	200 points
C. Financial Offer and Projections Information provided in a Proforma Operating Statement for the concession which indicates the Proposer's understanding of the proposed concept, viability of the proposed operation and financial offer and the ability to fund continuing operations from cash flow generated by the business.	500 points
D. Management and Operations Plan Information provided in sufficient detail to allow MAC to evaluate the Proposer's management structure, operations plan, and ability to operate the concession.	600 points
E. DBE Participation Information provided that clearly identifies how the company plans to involve Airport Concessionaire Disadvantaged Business Enterprise (ACDBE) firms in the operations or business organization related to operating the RMU.	100 points
E. Company Qualifications and Experience Information provided in sufficient detail to allow an evaluation of the company operations and how their ability and experience have been successfully used to in sales and customer satisfaction in other facilities	200 points
	Total: 1,600 points

V. REVIEW TEAM

The Review Team consisted of the following:

Bruce Rineer, Assistant Manager, Concessions and Business Development

John Greer, Assistant Director, Concessions and Business Services

Phil Burke, Assistant Director, MSP Operations/Facilities

Alan Howell, Airport Architect

John Lund, Telecommunications Technician-Voice Services

Adam Sorsveen, Sr. Architectural Technician

Mary Loeffelholz, Delta Airlines, Regional Director-Airport Affairs

Additionally, as non scoring advisors, the Review Team was supported by:

Eric Johnson, Director, Commercial Management and Airline Affairs

Mike Batt, Financial Analyst

Cameron Boyd, Staff Attorney

Anita Bellant, Manager, Diversity

VI. PROPOSAL REVIEW PROCESS/RESULTS

The Review Team members independently reviewed the two (2) proposals received. The Review Team then met to collectively discuss and evaluate the proposal. Based on the complete analysis, the Review Team scored the Proposals as follows:

FSH Communications – 1426

PTS – 1371

VII. REVIEW TEAM RECOMMENDATION

It is the Review Team's unanimous recommendation that FSH Communications be selected to operate the Telecommunications Concession at MSP and the Reliever Airports.

COMMITTEE ACTION REQUESTED:

THAT THE MANAGEMENT AND OPERATIONS COMMITTEE RECOMMEND TO THE FULL COMMISSION:

1. CONCESSION AT TERMINAL 1-LINDBERGH, TERMINAL 2-HUMPHREY AND THE RELIEVER AIRPORTS.
2. THAT STAFF BE AUTHORIZED TO NEGOTIATE FINAL AGREEMENTS AND RELATED DOCUMENTS WITH FSH COMMUNICATIONS; IF AGREEMENTS CANNOT BE REACHED WITH FSH COMMUNICATIONS, TO NEGOTIATE WITH THE SECOND RANKED PROPOSER, AND
3. THAT THE EXECUTIVE DIRECTOR OR HIS DESIGNEE BE AUTHORIZED TO EXECUTE THE NECESSARY DOCUMENTS.

MEMORANDUM

ITEM 8

TO: Management & Operations Committee

FROM: Joe Anderson – Manager, Business Development (612-794-4199)

SUBJECT: **RECOMMENDATION TO AWARD HIGH TECH ELECTRONIC RETAIL STORE CONCESSION**

DATE: February 22, 2010

At its November 20, 2009 meeting, the Commission authorized staff to issue a Request for Proposals (RFP) seeking a high tech specialty retail operator for the main shopping mall area at Lindbergh (Terminal 1). MAC issued the RFP in December 2009, advertised the opportunity via direct mail to several nationally branded high tech firms. Additionally, the opportunity was advertised in the Bidders Compendium, and the Minneapolis St. Paul Business Journal. On January 8, 2010, interested parties were to submit any questions pertaining to the RFP. On January 22, 2010, MAC issued Addendum # 1 which responded to all the questions submitted. On February 11, 2010, one (1) Proposal was received in response to the RFP from Project Horizon, Inc. offering a Blackberry, Wireless Giant electronic store.

Summary of Recommendation

This public memo will address (a) the Minnesota Data Practices Act, (b) the RFP requirements, (c) the Review Team evaluation process, (d) scoring of Proposals, and (e) recommendation of award to Project Horizon, Inc

Minnesota Data Practices Act

Under state law, information submitted by Proposers to MAC and information created or maintained by MAC as part of the evaluation process remains not-public until MAC has completed negotiating the contract with the selected Proposer(s). The names of the Proposers, however, are public once the proposals are opened. Information contained in the proposals and the Not Public Memorandum is not public and should not be disclosed to anyone other than MAC Commissioners and staff. Notwithstanding the foregoing, Commissioners may discuss the information contained in the proposal(s) or the Not Public Memorandum at the Committee and Commission meetings to the extent reasonably necessary to conduct the business at hand. **The information contained in this memorandum is public data.**

I. BACKGROUND INFORMATION

Despite the slow economy, demand for high tech personal communication devices and services continues to rise. This is especially true with the traveling public. The addition of an experienced operator would provide state-of-the-art cell phones, PDAs (personal data assistant) and related communication products to operate in Terminal 1-Lindbergh, a service not currently offered at MSP. Space # 39 is approximately 700 sq ft and is ideally positioned in the middle of the mall and, therefore, available to the vast majority of the traveling public.

II. SUMMARY OF KEY BUSINESS TERMS

The following key business terms were approved by the Commission for this RFP:

- A. The Agreement shall be for a term of six (6) years.
- B. The MAG (Minimum Annual Guarantee) was established at \$96,000 annually. The proposers shall bid the percent of gross sales from the operation of the concept. The percent of sales bid must be at least ten percent (10%) of sales. Percent rent would apply on sales after the MAG is met.
- C. The Agreement shall be for a term of six (6) years.

III. MINIMUM REQUIREMENTS

Proposers were to meet the following minimum requirements, as set forth in the RFP:

- A. Provide a proposal deposit of \$5,000.00
- B. Provide a minimum of three (3) trade and one (1) bank references
- C. Have at least one (1) year of continuous experience with a similar concept
- D. Provide a proposal in the form and format prescribed in this RFP

IV. EVALUATION CRITERIA

Each proposal was evaluated and scored by MAC Review Team based on the following criteria:

Category	Maximum Points
A. Minimum Requirements Information demonstrating that proposer meets minimum requirements, including proposal deposit, bank references, operating experience, completeness, format and content.	Pass/Fail
B. Merchandising, Concept and Design Information provided in sufficient detail to clearly define the proposed concept, products, store design and services offered to the traveling public that enabled it to meet or exceed the public's high tech needs.	300 points
C. Management and Operations Experience Information provided in sufficient detail to allow MAC to evaluate the Proposer's management structure, operations plan, and ability to carry out the plan.	200 points
D. Financial Offer / Plan Information provided in a Pro-forma Operating Statement for the proposed unit which indicates the Proposer's projected gross sales and operating expenses.	300 points
E. DBE Plan Information provided that clearly identifies how your company plans to involve Airport Concessionaire Disadvantaged Business Enterprise (ACDBE) firms in the operations or business organization related to operating the RMU.	200 points
F. Breadth and Quality of Services Information provided shows the assorted communications services and the operator's ability to deliver those services while adjusting to the frequent technical changes in the high tech industry.	300 points
G. Airport Retail Experience Proposers were to offer any other airports in which they also operate the concept being proposed.	100 points
Total:	<hr/> 1,400 points

V. REVIEW TEAM

The Review Team consisted of the following MAC staff:

Joe Anderson, Manager, Business Development

John Greer, Assistant Director, Concessions and Business Services

Phil Burke, Assistant Director, Facilities

Scott Siewert, MAC Information Services

Anita Bellant, Manager, MAC Diversity

Bruce Rineer, Assistant Manager, Concessions

Additionally, as non scoring advisors, the Review Team was supported by:

Eric Johnson, Director CM/AA

Mike Batt, Financial Analyst

Cameron Boyd, Staff Attorney

VI. PROPOSAL REVIEW PROCESS/RESULTS

The Review Team members independently reviewed the one (1) proposal received. The Review Team then met to collectively discuss and evaluate the proposal. Based on the complete analysis, the Review Team recommends the selection of Project Horizon, Inc. to operate the high tech retail store at Terminal 1-Lindbergh.

VII. REVIEW TEAM RECOMMENDATION

It is the Review Team's unanimous recommendation that Project Horizon, Inc be selected to operate the high tech retail store at Terminal 1-Lindbergh.

COMMITTEE ACTION REQUESTED:

THAT THE MANAGEMENT AND OPERATIONS COMMITTEE RECOMMEND TO THE FULL COMMISSION:

1. SELECTION OF PROJECT HORIZON, INC. TO OPERATE THE HIGH TECH RETAIL STORE CONCESSION AT TERMINAL 1 LINDBERGH
2. THAT STAFF BE AUTHORIZED TO NEGOTIATE FINAL AGREEMENTS AND RELATED DOCUMENTS WITH PROJECT HORIZON, INC., AND
3. THAT THE EXECUTIVE DIRECTOR OR HIS DESIGNEE BE AUTHORIZED TO EXECUTE THE NECESSARY DOCUMENTS.

MEMORANDUM

ITEM 9

TO: Management & Operations Committee

FROM: Joe Anderson – Manager, Concessions Development (612-794-4199)

SUBJECT: **RECOMMENDATION TO AWARD GOLF EXPERIENCE CENTER CONCESSION**

DATE: February 22, 2010

At its June 15, 2009 meeting, the Commission authorized staff to issue a Request for Proposals (RFP) for a Golfing Experience & Retail concession above French Meadow in the north terminal space at MSP airport. MAC issued the RFP on July 8, 2009, advertising the opportunity in the following publications: AAAE-ANTN Digicast, Minneapolis / St. Paul Business Journal, Airport Minority Advisory Council, MAC Web site, and the Minnesota State Register. On August 25, 2009, eight individuals attended a pre-proposal conference to learn more about the opportunity. On January 7, 2010, two proposals were received in response to the RFP: MSP Golf, LLC and Runway Links, LLC.

Minnesota Data Practices Act

Under state law, information submitted by proposers to MAC and information created or maintained by MAC as part of the evaluation process remains not public until MAC has completed negotiating the contract with the selected proposer(s). The names of the proposers, however, are public once the proposals are opened. Information contained in the proposals and the Not Public Memorandum is not public and should not be disclosed to anyone other than MAC Commissioners and staff. Notwithstanding the foregoing, Commissioners may discuss the information contained in the proposal(s) or the Not Public Memorandum at the Committee and Commission meetings to the extent reasonably necessary to conduct the business at hand. **The information contained in this memorandum is public data.**

Summary of Recommendation

This public memo will address (a) the RFP goals and objectives, (b) the RFP requirements, (c) the Review Team evaluation process, (d) scoring of Proposals, and (e) recommendation of the review team.

I. BACKGROUND INFORMATION

As part of the MAC's need for new sources of revenue, MAC staff created an innovative collection of several golfing experiences in one opportunity. With support and approval of the TSA, the golf center concept was created to offer:

- A. A state of the art golf simulator
- B. A multi-station golf driving range
- C. A retail and golf "pro shop"
- D. A branded golf club manufacturer who would offer both financial support and technical assistance.

II. GOLF EXPERIENCE GOALS AND OBJECTIVES

The following goals were approved by the Commission for this RFP.

- A. Meet or exceed the traveling public's expectations for a unique and total golfing experience.
- B. Offer an exceptional price / value and convenience to the traveling public.
- C. Provide exceptional customer service and innovative products and services.
- D. Recruit, hire, train, and motivate only the best sales associates.
- E. Generate revenue while providing exceptional customer service.

III. MINIMUM REQUIREMENTS

Proposers were to meet the following minimum requirements, as set forth in the RFP:

- A. Provide a proposal deposit of \$1000.00.
- B. Provide a minimum of three (3) trade and one (1) bank references.
- C. Have at least one (1) year of golf equipment experience or one (1) year of golf club or driving range experience.
- D. Provide a proposal in the form and format prescribed in this RFP.

IV. KEY BUSINESS TERMS

The RFP called for the following business terms:

- A. The term of the Agreement was to be five (5) years.
- B. Rent would be in the form of percentage rent, as proposed. There would be no MAG for this concession.

V. EVALUATION CRITERIA

Each proposal was evaluated and scored by the MAC Review Team based on the following criteria:

Category	Maximum Points
A. Minimum Requirements Information demonstrating that proposer meets minimum requirements, including proposal deposit, bank references, operating experience, completeness, format, and content.	Pass/Fail
B. Breadth and Type of Golfing Experience Offered Information demonstrating that the proposer offered golf services, experience, and expertise. Proposers were to provide their best reasonable sales forecasts for the simulator, driving range, retail shop, and golf club manufacturer's support. Additionally, information which demonstrated their ability to manage and operate a total golfing experience at MSP.	400 points
C. Retail Store Offering and Assortment Information demonstrating the proposed products that would be offered for sale from the space and any "drop ship" product sales. Proposers were to provide a list of retail products and their suggest selling prices.	200 points
D. Design and Construction Qualities Information related to the exactly how each of the services will be designed and built. Proposers were to provide floor plans and elevations of their concept to include compliance with the Golf Club security as detailed in the security protocol developed by MAC staff and the TSA.	200 points

- E. Financial Offer to MAC** **100 points**
Information related to the overall rent to MAC from operations. Proposers were to complete a pro-forma plan for the first five years of operations showing reasonable sales, gross margin, operational costs, and before tax projected profits. In that plan, Proposers were to offer a percentage of sales to MAC that would serve as its rent to MAC.
- F. Financial Offer from Branded Partner** **100 points**
Information related to a company's branded golf partner, including strength of brand, and financial commitment. Submitted pro-formas were to show the revenue sharing from the branded partner.
- G. DBE Participation** **100 points**
Information related to company's support of the MAC's DBE effort. Proposers were to offer specific plans and timetables that would equal or improve MAC's ACDBE goal of 10% DBE participation
-
- Total: 1,100 points**

VI. REVIEW TEAM

The Review Team consisted of the following MAC staff:
Joe Anderson, Manager, Concessions & Business Development
Anita Bellant, Manager, Diversity
Phil Burke, Assistant Director, Facilities
John Greer, Assistant Director, Concessions Management
Alan Howell, Airport Architect
Becky Zwart, Assistant Manager, Concessions

Additionally, as non scoring advisors, the Review Team was supported by:
Mike Batt, Financial Analysis
Cameron Boyd, Staff Attorney
Eric Johnson, Director, CM/AA
Andrea Stegeman, TSA
Jessica Nielson, TSA
Mike Everson, MAC Airport Police

VII. PROPOSAL REVIEW PROCESS/RESULTS

The Review Team members independently reviewed each of the two (2) proposals MAC received. The Review Team then met collectively to discuss and evaluate the proposals. Following the review and preliminary scoring, interviews were conducted on February 4 and 5, 2010. The review team met on February 8, 2010 to discuss the interviews and to complete the scoring analysis. Based on the complete analysis, the Review Team scored the Proposals as follows:

MSP Golf, LLC	940
Runway Links, LLC	681

VIII. REVIEW TEAM RECOMMENDATION

It is the Review Team's unanimous recommendation that the highest scoring proposal from MSP Golf, LLC be awarded the Gold Experience and Retail Concession. However, Staff and MSP Golf, LLC will need to finalize several proposed variations / exceptions from the RFP.

COMMITTEE ACTION REQUESTED:

THAT THE MANAGEMENT AND OPERATIONS COMMITTEE RECOMMEND TO THE FULL COMMISSION THAT THE GOLF EXPERIENCE AND RETAIL CONCESSION BE AWARDED TO MSP GOLF, LLC; AND THAT THE EXECUTIVE DIRECTOR OR HIS DESIGNEE BE AUTHORIZED TO EXECUTE THE NECESSARY DOCUMENTS.

MEMORANDUM

TO: Management & Operations Committee

FROM: Joe Anderson – Manager, Business Development (612-794-4199)

SUBJECT: RECOMMENDATION TO AWARD SHOESHINE CONCESSION

DATE: February 22, 2010

BACKGROUND INFORMATION

At its December 21, 2009 meeting, the Commission authorized staff to issue a Request For Bids (RFB) seeking a shoeshine operator who would operate five (5) shoe shine stands at Lindbergh (Terminal 1). MAC issued the RFB on January 22, 2010. On February 5, 2010, interested parties were to submit any questions pertaining to the RFB. On February 11, 2010, MAC issued Addendum # 1 and Addendum # 2 which responded to all the questions submitted and provided the proposed Lease Agreement. On February 18, 2010, bids were received from A.P.T.A Inc.; Jessie Quality Classic Shoe Shines, LLC; and Royal Zeno Shoe Shine. At 2:30 p.m. February 18, all three (3) BIDS were opened in a public forum and were read aloud to all persons in attendance. Following the BID opening, Staff reviewed the BIDS for completeness and accuracy and found them to be in compliance with the BID process.

The Bid Tabulation below summarizes the results of that public BID opening.

BID Package	Location	Royal Zeno Shoe Shine	Jessie Quality Classic Shoe Shine	A.P.T.A. Inc.
Package A	Main Terminal	\$1,400	\$900	\$800
	(New) Bag Claim	\$1,000	\$650	\$400
	TOTAL BID OFFER	\$2,400	\$1,550	\$1,200
Package B	E Concourse	\$1,100	\$750	\$-0-
	F Concourse	\$1,100	\$700	\$-0-
	(New) C Concourse	\$1,100	\$ 750	\$-0-
	TOTAL BID OFFER	\$3,300	\$2,200	\$-0-
Package C	Main Terminal	\$1,400	\$1,050	\$800
	(New) Bag Claim	\$1,000	\$ 700	\$400
	E Concourse	\$1,100	\$ 800	\$400
	F Concourse	\$1,100	\$ 750	\$400
	(New) C Concourse	\$1,100	\$ 800	\$400
	TOTAL BID OFFER	\$5,700	\$4,100	\$2,400

PROPOSED TIMING FOR IMPLEMENTATION OF THE FIVE (5) SHOE SHINE STANDS

Royal Zeno Shoe Shine offered the highest monthly rent to MAC and is recommended to the Commission as the proposed operator. Staff would therefore offer the following timing for implementation of the Royal Zeno shoe shine concession:

February 26, 2010 - Notice to Existing Tenant – Based on the BID results, a lease required 30 day notice will be sent on February 26, 2010 to Jessie Quality Shoe Shine. This notice will then allow Royal Zeno to take over operations of three (3) currently existing shoe shine stands. Jessie Quality Shoe Shine will continue to operate their C/D concourse location (which was not part of the BID offered locations) until such time that the Wellness Center expands into that space. However, this C/D location will close when Royal Zeno has successfully opened its new location on the C concourse. A separate 30 days notice will be issued to Jessie Quality Shines when needed for that location.

April 1, 2010 - As stated in the BID document, Royal Zeno can expect to start its operations in three of the five locations on April 1, 2010, provided that the following have been completed:

- Fully executed Lease Agreement between MAC and Royal Zeno
- MAC's receipt of the Lease Agreement security deposit.
- MAC's receipt of \$21,000 from Royal Zeno as per the BID document.
- MAC's receipt of \$3,600 from Royal Zeno as rent payment for April 2010 for the three locations.
- All personal property has been removed from the current Royal Zeno space.

April 2, 2010 – MAC installs its construction barrier outside both the current Zeno space and the original Lottery space, thus allowing MAC adequate time to prepare the space for the retail tenant.

April 12, 2010 – New retail tenant initiates its construction and tenant improvements.

April 19, 2010 – MAC receives the required construction documents for the new Zeno location on the C concourse. Shoe shine construction on the C concourse is planned to start in May 2010, provided that the FIDS (Flight Information Display System) project has been completed.

April 30, 2010 – MAC receives the required upgrading / refurbishment plans from Royal Zeno for the three (3) shoe shine stands as per the BID document.

May 28, 2010 – Completion by Royal Zeno of the required upgrading / refurbishment of the three (3) existing shoe shine stands.

Aug 2010 – MAC receives the required construction documents for the new Royal Zeno location in Bag Claim. Construction of this location is dependant upon the completion of a checkpoint modification planned for early fall 2010.

COMMITTEE ACTION REQUESTED:

THAT THE MANAGEMENT AND OPERATIONS COMMITTEE RECOMMEND TO THE FULL COMMISSION:

1. SELECTION OF ROYAL ZENO SHOE SHINE TO OPERATE THE FIVE (5) SHOE SHINE CONCESSION AT TERMINAL 1 - LINDBERGH
2. THAT STAFF BE AUTHORIZED TO FINALIZE THE AGREEMENTS AND RELATED DOCUMENTS WITH ROYAL ZENO SHOE SHINE, AND
3. THAT THE EXECUTIVE DIRECTOR OR HIS DESIGNEE BE AUTHORIZED TO EXECUTE THE NECESSARY DOCUMENTS.