

TO: James L. App, City Manager
FROM: Meg Williamson, Assistant City Manager
SUBJECT: Airport Restaurant Selection
DATE: July 17, 2012

Needs: For the City Council to select an airport restaurant operator and direct staff to initiate lease negotiations.

- Facts:
1. In May of this year, the City released a Request for Proposals (RFP) for qualified parties to submit proposals for the vacant restaurant space at the Municipal Airport (copy attached).
 2. The restaurant space within the public terminal has been vacant since 2009 when Matthew's on the Airport restaurant vacated the premise. Several previous recruitments were not successful in securing a tenant.
 3. The City Council Airport Lease ad hoc committee members (Ed Steinbeck and John Hamon) as well as two members of the Citizen's Airport Advisory Committee (Angel York and Jason Diefenderfer) in addition to City staff (Doug Monn, Roger Oxborrow and Meg Williamson) served as the interview and selection committee.
 4. The Selection Committee oversaw the preparation of the RFP and the oral panel interview process.
 5. Three proposals were received by the deadline. All proposals were deemed responsive and the Selection Committee interviewed the three following restaurant candidates:
 - Big Red Smoke and Catering Company
 - LaGuardia's Homemade Since 1912
 - EastWest Dining
 6. On June 27, 2012 the Selection Committee conducted oral interviews and explored the strengths of each candidate in relation to the following selection criteria:
 - Understanding of the airport customer base
 - Proven restaurant experience
 - Financial solvency
 - Business operation experience
 - Marketing and promotions skills/strategies
 - Format and character match to the Airport
 7. Each candidate varied in their strengths/weaknesses as measured against the selection criteria. The consensus of the committee was to recommend

LaGuardia's Homemade Since 1912 based on the combination of his understanding of the community/service market, realistic business plan format and his background skills.

8. Once the City Council confirms a candidate selection, the Council Airport Lease ad hoc committee and staff will pursue lease negotiations with the candidate. The negotiated lease agreement will be presented to the City Council for consideration and final action at a later date.

Analysis &
Conclusion:

The establishment of a successful restaurant within the vacant terminal space is a key business goal for the City's Airport enterprise. The City Council's Selection Committee worked diligently to determine the quality of proposals received and to utilize the panel interviews to clearly understand the candidates' specific business vision for the Paso Robles Airport.

Mr. Lou LaGuardia demonstrated to the selection committee that he was well vested in the community, committed to a realistic business framework, and would provide a diversified service format that would meet the needs of both the on-airport breakfast/lunch clientele as well as other service markets (e.g. jet service catering).

The Selection Committee found Mr. LaGuardia's proposal as most responsive to RFP selection criteria, including the fundamental priority of business benefit to the Airport enterprise.

Policy

Reference: Council 2008-2011 Goals (Goal - C3) to develop the Airport and improve/expand general aviation, commercial and visitor service.

Fiscal

Impact: Fiscal impact analysis of any future lease negotiations will be brought forward at the time that a Lease is recommended for City Council consideration.

- Options:
- A. Adopt the attached resolution accepting the Selection Committee's recommendation to select LaGuardia's Homemade Since 1912 as the successful restaurant candidate and to direct staff to begin lease negotiations; or
 - B. Amend, modify, or reject the above option.

Attachments:

1. Resolution selecting restaurant operator and initiating lease discussions
2. LaGuardia's Homemade Since 1912 summary letter proposal
3. Request for Proposals (Restaurant) – dated May 4, 2012

RESOLUTION NO. 12-xxx

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EL PASO DE ROBLES
APPROVING THE SELECTION OF LAGUARDIA'S HOMEMADE SINCE 1912 AS
THE RESTAURANT OPERATOR AT THE MUNICIPAL AIRPORT AND
AUTHORIZING THE NEGOTIATION OF A LEASE AGREEMENT

WHEREAS, the selection of a success restaurant operator is a key business goal for the City's Airport enterprise; and

WHEREAS, in May of 2012, the City circulated a Request for Proposals (RFP) for qualified parties to submit proposals for a restaurant operation within the vacant restaurant space in the Municipal Airport terminal building; and

WHEREAS, the City Council Airport Lease ad hoc committee members (Ed Steinbeck and John Hamon) as well as two members of the Citizen's Airport Advisory Committee (Angel York and Jason Diefenderfer) and city staff members (Doug Monn, roger Oxborrow and Meg Williamson) served as the interview and selection committee; and

WHEREAS, the Selection Committee oversaw the preparation of the RFP and the oral panel interview process; and

WHEREAS, all reasonable efforts were made to ensure that the selection process was open and competitive and three (3) proposals were received by the June 1, 2012 deadline; and

WHEREAS on June 27, 2012 the Selection Committee conducted oral interviews and explored the relative strengths of each candidate based on established selection criteria; and

WHEREAS, at the conclusion of the panel interviews, the Selection Committee consensus was to recommend LaGuardia's Homemade Since 1912 as the successful candidate for the City to engage in lease negotiations; and

WHEREAS, once the City Council confirms the restaurant operator, lease negotiations will be conducted in accordance with the Council's business directives and a negotiated lease agreement will be presented to the City Council for consideration and final action at a later date.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF EL PASO DE ROBLES DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. The City Council hereby confirms the Selection Committee's recommendation to select Lou LaGuardia (LaGuardia's Homemade Since 1912) as the successful candidate in the 2012 restaurant selection process.

Section 2. The City Council Airport Lease ad hoc committee and City staff are authorized and directed to negotiate a lease on behalf of the City in accordance with City

business/lease parameters. Upon conclusion of the negotiations, the proposed Lease with LaGuardia's will be brought to the City Council for approval.

PASSED AND ADOPTED this 17th day of July 2012, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST:

Duane Picanco, Mayor

Caryn Jackson, Deputy City Clerk

Distinguished Board Members,

June 9th 2012

I am recently a new resident of Paso Robles, moving here in October 2011, with an Italian catering business, LaGuardia's Homemade Since 1912. For the past 6 years I lived in Mammoth Lakes for 6 years moving with the intention that Paso would be my last move and a perfect place to open my Italian deli and someday retire. I have been visiting the area for many years and had always dreamed of bringing my business to wine country. During my years of visits, I've researched the entire SLO county area for similarities in what I want to bring to the table and have found none that would challenge my concept. My business plan is included for your review that explains my venture in more detail.

My plan is to open an authentic Italian deli specializing in everything being homemade from breads, pizzas, pastas, sauces; I even cure most of my meats. The deli will offer a great breakfast and lunch menu, I will also have daily: homemade items such as, ravioli, lasagna, manicotti, and stuffed peppers, to name a few that can be eaten at the deli or taken home in larger quantities for dinner. A cold case with a variety of meats and cheese will be available as well. The deli would also include an Italian marketplace of imports including, oils, vinegars, herbs, specialty pastas, peppers and relishes, cheeses, pastries, cookware and pottery. The deli site would also become an afterhours destination place for wineries that don't have facilities to have pick-up parties or wine maker dinners.

The deli will be opened M-F 6:30 am to 3:00 pm., Sat.-Sun. 9:00 am- 6 pm. operated by myself, a sous chef, baker, 1 kitchen staff and 1 front house staff until business takes off and more employees are required. Between me, my sous chef and my baker, we have over 20 years combined experience in the food and beverage industry.

Since moving to Paso, we have been very welcomed by the Wine Alliance and the Paso Chamber of Commerce, which I am a member of both, doing events for both. We have ongoing catering events with many of the wineries including, J Lohr, Graveyard, Clavo, Poalillo, Daou, Bon Niche, Mondo to name a few. Companies like La Quinta, Applied Technologies and the Templeton teachers group. We have had great reviews from everyone and will continue to provide our catering services along with the deli. We would also like to take advantage of being housed in the Paso airport and advertising our services to any municipal airports looking for a great Italian dining experience as they enter our wine country. Picnic basket lunches would be another service offered to our local wineries for their customers. Obviously our main support for the deli would be the hundreds of employees working in the industrial parks surrounding the airport.

If we are chosen to bring our business to your facility, we would like to be in by late summer/early fall. The build out would be minimal to fit our needs along with a few additional pieces of kitchen equipment. I would like to discuss any assistance in the build out cost or a partial rent abatement to help us get established. I would hope for a minimum 5 year lease with renewal options for 5 and 5.

Molte Grazie,
Ciao,
Lou LaGuardia

RECEIVED
CITY CLERK'S OFFICE
JUN 11 2012
CITY OF PASO ROBLES

Sample Menu items will include:

Breakfast:

Sausage, egg and cheese on ciabatta w/ roasted red pepper aioli

Pancetta, egg and cheese on focaccia

Frittatas

Thick sliced Italian toast

Potatoes w/ garlic and parsnips

Scrambles

Prices range from \$6.00 – \$10.00

Lunch:

4 to 5 Panini's daily

Sandwiches like: Italian Grinder, Grilled Eggplant, Sausage, Meatball, Chicken Parmesan, Tuscan steak w/ grilled onions, Focaccia Rueben, Italian Beef.

Vegetarian sandwiches: Pesto, sundried tomatoes and mozzarella, Tuna melt w/ smoked Mozzarella, Portobello mushroom w/ balsamic onions, squash, spinach and hot peppers. Eggplant w/ zucchini and roasted red peppers.

Prices range from \$7.00 - \$ 11.00

Hot Case:

Spaghetti/Rigatoni w/ meatballs or sausage

Manicotti

Ravioli

Lasagna

Gnocchi

Pizza

Pasta Fagoli

Wedding soup

Chicken Parmesan

Eggplant Parmesan

Prices Vary depending on the quantity \$7.00- \$15.00

Larger quantity dinners are priced accordingly

Homemade Pastries:

Cannoli

Pizzelle

Brownie chunk cookies

Variety of Biscotti

Ricotta Cheesecake

Zeppole

Baked sweet ravioli

Apple cake with lemon

Orange hazelnut olive oil cookies

Prices range from \$ 1.00-\$6.00 Pastry varieties change daily



CITY OF EL PASO DE ROBLES

"The Pass of the Oaks"

May 4, 2012

Subject: Restaurant Opportunity in Paso Robles

Greetings!

I would like to personally invite you to consider an exciting business opportunity available at the Paso Robles Airport. There is space available in the main terminal to accommodate a small to mid-size restaurant operation serving the airport business park employee base, traveling visitor, and the aviation community/industry.

The airport area serves an employee base of an estimated 800 persons with nearest food service being 3-4 miles away. This 570 s.f. kitchen and combined indoor/outdoor seating area of 1250 s.f. is the perfect venue to meet a traditional breakfast and lunch demand by nearby businesses. The unique airport setting provides an additional opportunity to market to fly-in customers as a destination eating experience. Catering and dinner prospects exist as well.

Please take a few minutes to review the enclosed "request for proposals" and learn more about how your skills and vision might fit this opportunity. A two page letter is all it takes to get the ball rolling.

Any questions, please contact me personally at (805) 237-3888 or email me at mwilliamson@prcity.com. I look forward to working with you!

Sincerely,

Meg Williamson
Assistant City Manager

P.S. If you think you know someone else who might be interested, please feel free to pass this information along to them.



FOOD SERVICE CONCESSION PASO ROBLES MUNICIPAL AIRPORT REQUEST FOR PROPOSALS (RFP)

The City of Paso Robles is seeking an experienced, reliable professional to operate a food service concession (restaurant) within the airport terminal to serve airport tenants, fly-in visitors, the local community, and associated airport activities. Letters of Intent from interested proposers are invited.

I. AIRPORT BACKGROUND

The Paso Robles Municipal Airport Terminal building, constructed in 2001, serves the flying public as a gateway to the local community and the surrounding area. This activity is primarily general aviation flights and a number of corporate and charter services coming into the area. Various government aviation services also utilize the airport.

It is not anticipated that regularly scheduled commercial carriers (airlines) will serve the Airport in the foreseeable future, however a number of annual events, hosted by the City and the Airport, contribute to the overall traffic levels. Aviation activity is estimated to be 30-35,000 aircraft operations per year.

There are many industrial and commercial facilities on or very near the airport, collectively employing an estimated 800 persons. The nearest available food service is 3-4 miles away. A restaurant within the airport terminal has the potential to be a focal point of activity on a daily basis.

II. FACILITY SPECIFICATIONS

The designated site for the proposed service facility is a portion of the terminal building, located at 4900 Wing Way. The lease consists of three areas: a small commercial kitchen, space for indoor service and seating, and an adjacent, semi-enclosed patio for additional seating, as weather permits. See Exhibit "A" – Lease Premises.

The kitchen (570 square feet) includes basic equipment necessary for a viable operation, yet allows for the addition of those specialty items that the individual tenant will require. See Exhibit "B" - Existing Equipment List.

The seating/serving area (660 square feet) has a legal occupancy load of 44 persons. As additional service and prep area may be required, the actual number of seats achieved may be less.

The adjoining patio (550 square feet) provides outdoor seating that is sheltered from much of the weather and aircraft impacts.

The adjacent public restrooms are shared by all users of the building with janitorial service provided by the City. Monthly water service is provided by the Landlord. The tenant is responsible for electric, natural gas, any communications services, and the additional garbage pickups of the existing dumpster. Tenant is responsible for all on-premises janitorial and maintenance services, including the routine service of the HVAC, fire suppression and hood system, and sanitary sewer system (grease trap). There are approximately 35 shared public parking spaces available to serve the terminal area.

Additional storage and staging space is limited.

III. SERVICE NEEDS

Food service in the terminal building can be an integral part of airport activity. However, based on local statistics and those from similar operators at other airports, fly-in traffic accounts for no more than 20% of total restaurant business. The remaining 80% of business is anticipated to come from the adjacent industrial park, local businesses, and other traffic coming from the 'street-side' of the facility.

Review of local activity levels has shown the highest customer demand to occur during the breakfast and lunch hours with additional periods of business during the traditional industrial business operator break times of mid-morning and mid-afternoon. By late afternoon, the work day has ended and activity levels decrease significantly. Weekend demand increases during mid-day due to fly-in traffic, but other on-airport activity remains minimal.

The Service Provider is encouraged to conduct careful analysis of the intended clientele in the development of an appropriate business plan, theme, menu, pricing and service level. This review could include consultation with other aviation service providers in the terminal area who would work jointly with a restaurant to provide a combined package to promote and develop the local service clientele. It is to the discretion of the Proposer to include any additional offered services such as outside catering or alcohol on premises. No specific requirement is imposed by the City.

Advertising and promotion of the food concession/restaurant is the responsibility of the Service Provider, although the Landlord will act collaboratively where possible to support common promotional goals.

IV. PROPOSAL FORMAT

Interested parties are invited to submit a Letter of Intent of no more than two (2) pages in length. The letter should address the following topics or elements:

- A brief summary of how the proposed service would appeal to and attract the local clientele.
- A statement regarding the key personnel who would be involved in the management and direction of the operation and their experience and history in the food service business.
- The anticipated days and hours of operation.
- The expected timetable for setup and commencing of services, once a lease is approved.
- A conceptual layout plan of the leased area.
- A sample menu and possible pricing.
- Any special terms and conditions that would be anticipated in a lease agreement with the City, such as, but not limited to, length of lease, and/or exceptions or variations to terms.
- Any site modifications or equipment changes that may be required.

These letters must be received by the City at:

**City of Paso Robles
Office of the City Manager
1000 Spring Street
Paso Robles, CA 93446**

No later than 4:00pm, Monday, June 11, 2012

V. SCHEDULE

Following the closure of the submission period, each proposal letter will be reviewed for relevance and merit. The designated review committee will determine those which are eligible candidates for discussion and interview. A First Interview will give opportunity for the Applicant to explain his intended concept and for the Committee to ask for additional information. A Second Interview of the top 2 or 3 applicants will allow the committee to make a final selection of the most viable proposal. Negotiation between the committee and the successful applicant will complete the details of a lease agreement. Upon approval of a lease agreement by the full City Council, the successful bidder may take possession of the subject premises and begin operation.

VI. SELECTION PROCESS

The City will evaluate the proposals submitted on the basis of:

1. The attention to detail and the apparent 'fit' of the proposed operation with the needs of the airport community.
2. The experience of the proposed staff.
3. The proposed schedule of operation.

The City reserves the right to reject any or all proposals, and to negotiate modifications or acceptance of parts of a proposal. Other terms and conditions will be negotiated at the time of selection and will be subject to the approval of the City Attorney.

All Proposals and Statements of Qualifications submitted to the City in response to this RFP become the property of the City.

VII. LEASE NEGOTIATION

1. The successful proposer will enter into a lease agreement with the City. A sample lease containing the standard required terms and conditions is available on line at: www.pasoairport.com
2. Many of the specific elements of the lease remain open for some negotiation, according to the mutual needs of the landlord and lessee. These elements include length of lease, options for additional time extensions, and rental rate structures. The rental rate will be based on the local market for similar facilities, and while the annual escalation clause is standard, other adjustments may be considered.
3. At the time of lease negotiations, the successful proposer will be required to submit both a business and financial plan to demonstrate the viability of the restaurant proposal.
4. For the purpose of generating a Business Plan, the Service Purveyor can assume:
 - Base term of up to 5 years (depending on demonstrated need and strength of proposal)
 - Options for lease extension (subject to demonstrated performance)
 - Base rent of \$1.00 per square foot applied to total lease area
5. Tenant shall be responsible for securing all required permits, license and taxes to operate on the premises.
6. Tenant shall be responsible for payment of Possessory Interest Tax and any other special, levied taxes or assessments in connection with the premises and the restaurateur's operation.
7. The final draft of the lease agreement, including all agreed upon deal points will be reviewed by a City Council subcommittee and then presented for full Council review and approval.

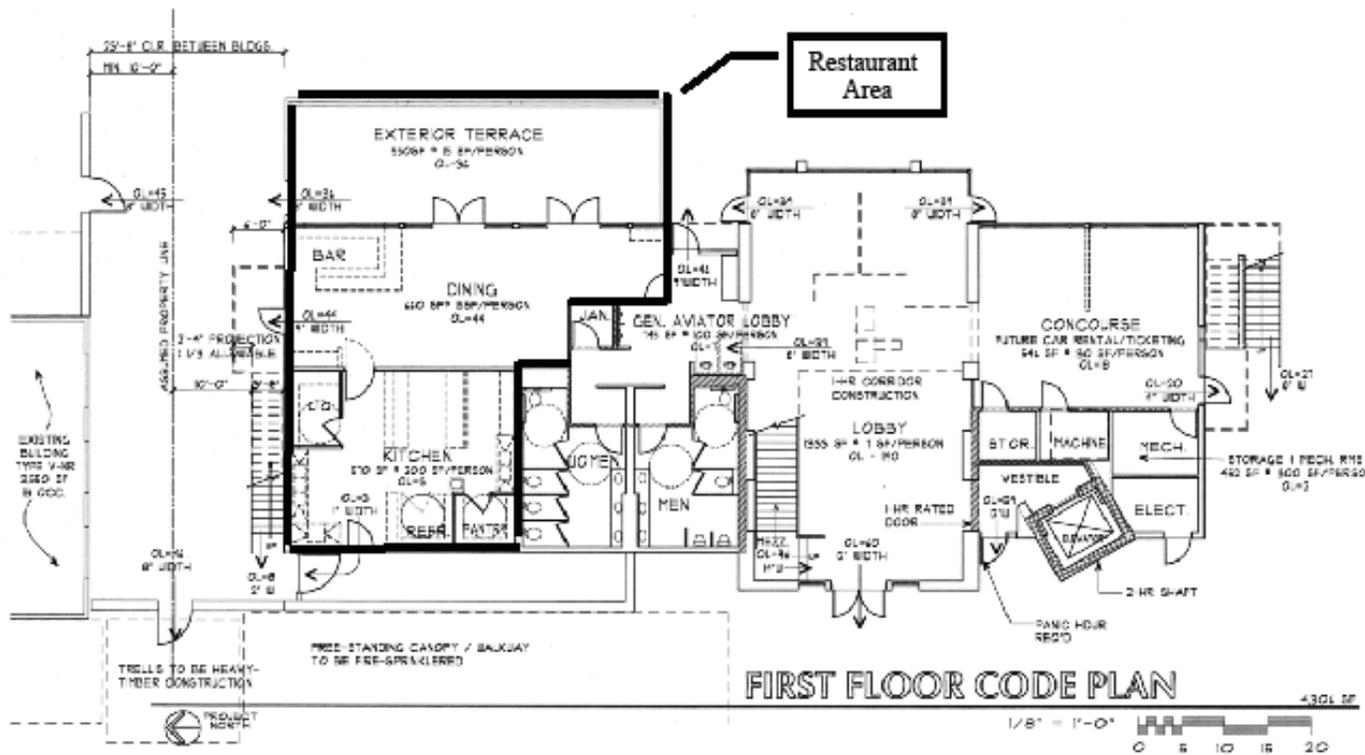
8. Upon approval and execution of the lease, tenant may take possession of the premises and begin operation.

Additional Information

The following local factors and conditions may be helpful in developing an appropriate scope for the proposed business. The numbers provided are current estimates, but may slightly vary from actual.

- There are 30 businesses and public agencies on the airport
- Approximately 800 people work on or around the airport.
- 85% work from 7:00 am to 3:30 pm.
- Currently a maximum of 10-15 visiting aircraft fly in each day.
- The Spirit of San Luis Restaurant located at the San Luis Obispo County Regional Airport estimates that only 20% of their business is from the flying public. The remainder comes from surrounding businesses and from the City of San Luis Obispo. Similar estimates from the Rocket Café at the Bakersfield (downtown) airport corroborate the “non-flying” customer ratio.
- Surrounding businesses (Manufacturing and Wineries) within 2-3 miles of the airport may account for another 50-100 potential customers.
- The future of the correctional facility adjacent to the airport is uncertain, but if developed, could yield additional potential. Historically, administrative and support staff have utilized the airport restaurant.
- Jet charter flights departing the airport may request catering – food and beverage trays.
- A sample lease agreement is attached hereto for review; key points of the agreement are subject to negotiation with the successful bidder.

EXHIBIT 'A'



**EXHIBIT - LEASED PREMISES
Restaurant Area
PASO ROBLES AIRPORT TERMINAL**

EXHIBIT 'B'

Restaurant Equipment List

The following equipment is provided in the kitchen area as part of this agreement. It is owned by the City, provided for the use of the food service purveyor and expected to remain – in good condition (reasonable wear and tear expected) – on the premises at the termination of this agreement.

Walk-in Cooler: 5' x 5' freezer section; 5' x 5' refrigerator section

Hand Sink – 10" x 14"

Prep Sink - 6'-2 compartment with drain boards

Dish Washer: Jackson Conserver XL model

Sink with disposal, ¾ hp.

3 – compartment sink

Water Softener

1 – 5' Stainless Steel Work Table

1 – 6' Stainless Steel Work Table

Range Hood – 10' with Fire suppression system

1 – Wolf, 24" Broiler (Salamander)

1 – Wolf, 6-burner range, with oven

1 – 2 basket deep fryer

2 – 48" Stainless Steel Prep Tables w/ 2 – 84" overhead shelves and 60" food warmer

10 – assorted 3', wall-mounted storage shelves, various locations