

**A RESOLUTION BY  
TRANSPORTATION COMMITTEE**

**A RESOLUTION ON BEHALF OF THE DEPARTMENT OF  
AVIATION AUTHORIZING THE MAYOR TO EXECUTE A  
THREE-YEAR RENEWAL OF LEASE AGREEMENT FC-7516-02,  
VENDING CONCESSIONS SERVICES WITH COCA-COLA  
ENTERPRISES, INC. D/B/A THE ATLANTA COCA-COLA  
BOTTLING COMPANY; AND FOR OTHER PURPOSES.**

**WHEREAS**, the City of Atlanta (the "City"), as owner and operator of the Hartsfield-Jackson Atlanta International Airport (the "Airport") entered into Lease Agreement FC-7516-02 (the "Agreement"), with Coca Cola Enterprises, Inc. d/b/a The Atlanta Coca-Cola Bottling Company (the "Tenant"), as authorized by Resolution 03-R-0627; and

**WHEREAS**, the Agreement had an initial term of five (5) years and included an option to renew for an additional three (3) years at the sole discretion of the City; and

**WHEREAS**, the initial term of the Agreement expired on February 5, 2009; and

**WHEREAS**, pursuant to Section 2-1206 of the Atlanta City Code, the Chief Procurement Officer extended the Agreement for ninety (90) days, which extension shall expire on May 5, 2009; and

**WHEREAS**, the Aviation General Manager is satisfied with Tenant's performance and believes the renewal of the Agreement for three years is appropriate and in the best interests of the City; and

**WHEREAS**, accordingly, the Chief Procurement Officer and Aviation General Manager have recommended that the Agreement be renewed for three years.

**NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF ATLANTA**, that the Mayor is authorized to execute a three-year renewal of the Agreement (the "Renewal") as provided in the Agreement.

**BE IT FURTHER RESOLVED**, that the City Attorney is directed to prepare the Renewal for execution by the Mayor.

**BE IT FINALLY RESOLVED**, that the Renewal will not become binding on the City, and the City will not incur either obligation or liability under it until it has been executed by the Mayor, attested to by the Municipal Clerk, approved as to form by the City Attorney and delivered to Tenant

**Part II: Legislative White Paper:** (This portion of the Legislative Request Form will be shared with City Council members and staff)

**A. To be completed by Legislative Counsel:**

**Committee of Purview:**

**Caption:**

**Council Meeting Date:**

**Requesting Dept.:**

**FAC Confirmed by:**

**B. To be completed by the Department:**

**1. Please provide a summary of the purpose of this legislation (Justification Statement).**

The Atlanta Coca-Cola Bottling Company (ACCB) has successfully operated ten (10) separate in-line vending machines which contain a variety of snacks (salted, candy, etc.), juices, soda, ice cream, and/or change services concessions locations on Concourses A, B, C, D, & E, beginning in February 2004.

They were awarded a five (5) year agreement to operate vending services through a competitive Request for Proposal (RFP) process and served as the top ranked proponent (FC-7516-02). In January 2009, the City Department of Procurement granted a ninety (90) day extension prior to the original expiration date of February 5, 2009 with a new effective expiration date of May 5, 2009. The extension was necessary as to review the viability of adding new and proposed vending locations inside the Consolidated Rental Car Facility (CONRAC) through Section 1.2 of the agreement. The tenant must elect in writing within ten (10) business days from the date of offer from the City to occupy and lease the Premises, which the said proponent has expressed interest. Section 2.1 of the Lease Agreement gives the City the right to extend the Agreement an additional three (3) years. The tenant is required to refurbish the public areas of the Premises (including common areas) at a minimum investment of one hundred seventy-five dollars (\$175.00) per square foot.

ACCB has been a leader in the industry with an exclusive showcase of high quality vending machines that incorporate technology (i.e. flat screen monitors) and variety of selections (i.e. sparkling beverage branded soft drinks, bottled water, energy drinks, teas, sports drinks, carbonated drinks, flavored waters, industry leading brand chips, snack bars, cookies, and cake products) for the traveling public at Hartsfield-Jackson. While at the airport, ACCB has performed well during their tenure in operating on all concourses. Over the past four years (2004 – 2008), the lease year gross sales totals were \$1.6M in March 2005 compared to \$1.8M in March 2008. In addition, ACCB continues to provide excellent customer service as evidenced by

the results from the quality assurance inspection scores where they have scored an average of 6.9 out of 7 (the highest score attainable) or 98% in 2008. The inspections covered customer service compliance; facilities and appearance; and merchandising and pricing.

The Department of Aviation has approved the request to include additional products and services to coincide with its grand opening of CONRAC proposed for 4<sup>th</sup> Qtr 2009. The average proposed monthly sales for each location is at \$5K. In addition, ACCB has expressed interest in providing additional service for both levels 2 and 3, as well as pedestrian bridge areas located in garages for the CONRAC.

## **2. Please provide background information regarding this legislation.**

In April 2003, the City began advertising an RFP (FC-7516-02) process to select a company to construct, fit, finish, and manage one (1) location on Concourse A; (3) locations on Concourse B; (3) locations on Concourse C; (2) locations on Concourse D, & (1) location on Concourse E. The term of the proposed agreement was five (5) years with one (1) three (3) year renewal at the City's option.

The contract commenced on February 5, 2004; therefore establishing a February 5, 2009 as the expiration date.

The Atlanta Coca-Cola Bottling Company, established in 1886, markets more than 2,600 beverage products and operates in more than 200 countries continues to perform well, in spite of the current economic environment.

They have paid the City approximately **\$1.9 million in 2008**; an average increase of **5%** in comparison rent **2008 vs. 2007**

The rent figure established a new **Minimum Annual Guarantee** of **\$376K** at **22.8%** for the remaining life of The Atlanta Coca-Cola Bottling Company lease.

## **3. If Applicable/Known:**

- (a) **Contract Type (e.g. Professional Services, Construction Agreement, etc): Concession**
- (b) **Source Selection: N/A**
- (c) **Bids/Proposals Due: N/A**
- (d) **Invitations Issued: NA**
- (e) **Number of Bids: N/A**
- (f) **Proposals Received: 0**
- (g) **Bidders/Proponents: 0**
- (h) **Term of Contract: One (1) Three (3) Year Extension.**

4. Fund Account Center (Ex. Name and number): N/A

Fund: NA Account: NA Center: NA

5. Source of Funds: *Example: Local Assistance Grant* N/A

6. Fiscal Impact: Revenue Generating

*Example: This legislation will result in a reduction in the amount of \_\_\_\_\_ to Fund Account Center Number \_\_\_\_\_.*

7. Method of Cost Recovery: N/A

*Examples:*

- a. Revenues generated from the permits required under this legislation will be used to fund the personnel needed to carry out the permitting process.*
- b. Money obtained from a local assistance grant will be used to cover the costs of this Summer Food Program.*

This Legislative Request Form Was Prepared By: Marshall Taggart, Jr., Concessions Manager

Shirley Franklin  
Mayor

Benjamin R. DeCosta  
Aviation General Manager

Date: February 25, 2009

To: Mr. Adam L. Smith  
Chief Procurement Officer

From: Benjamin R. DeCosta  
Aviation General Manager



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**Re: Contract FC-7516-02 Vending Concession Services, Coca-Cola Enterprises I  
Inc. d/b/a The Atlanta Coca-Cola Bottling Company  
Recommendation for Contract Renewal**

As you are aware, on February 6, 2004 the City of Atlanta entered into Contract FC-7516-02 Vending Concession Services with Coca-Cola Enterprises Inc. d/b/a The Atlanta Coca-Cola Bottling Company.

The term of the Contract was for five (5) years with an expiration date of February 5, 2009. The contract was extended for ninety days. The extension will expire on May 7, 2009.

The Aviation General Manager has reviewed Coca-Cola Enterprises' performance under the Contract and is recommending to the City's Department of Procurement that the Contract be renewed for three years in accordance with the terms and conditions of the Contract.

If additional information is required, please contact Diane Akinsipe, Contracting Officer at 404-209-2922.

Cc: Justina Mann  
Marshall Taggart



