



**CREATIVE HOST SERVICES, INC.**

A member of the Compass Group®

**R-28**

May 20, 2005

City of Long Beach  
Long Beach International Airport  
Department of Public Works  
333 West Ocean Blvd. 9th Floor  
Long Beach, CA 90802

**RE: Proposal for the Operation of Food & Beverage Concessions at Long Beach Airport**

Creative Host Services is pleased to present a proposal for the Food and Beverage concession program at Long Beach Airport. For nearly two decades, Creative Host Services, Inc. (CHS) has been conceptualizing, developing, and operating successful airport concessions throughout the United States. With over 170 concessions at 40 U.S. Airports, Creative Host offers a range of solutions from single bakery/deli sites to multiple concession food courts with bar/lounge and in-flight catering services for major airlines. In addition to unique concepts, CHS regularly incorporates regional, national, and locally branded concepts to deliver flexible solutions that specifically meet the unique needs of each airport.

At the core of the Creative Host corporate philosophy is a dedication to providing distinguished customer service, and we strive to do that on a continual basis. Through contracting with several customer service review companies, Creative Host receives input on methods to improve customer service and thereby increasing and maintaining client service standards, employee performance, increased sales, and achieving the highest level of satisfaction for airport clients. Our customer service standards are reflected in our increasing annual sales and RPE at each airport location, and current year revenues from existing contracts are expected to exceed \$150 million in 2005. Creative Host intends to provide the widest possible selection of dining experiences, presented by a staff that personifies World Class Customer Service.

Selection of the right concepts for an airport is critical to maximizing revenues and providing the highest and best use of space. In making our selections, we considered the existing concepts within the airport, and analyzed their effectiveness. We also reviewed national, regional, and local concepts with the intention of enhancing the airport's image and maximizing revenue. We believe that the local community of Long Beach is unique in its offerings, and have partnered with strong local businesses to bring you the following concessions program:

<u>Location/Space</u>	<u>Concept</u>	<u>Alternate Concept</u>
Restaurant/ Bar/ Outdoor Deck	Legends Restaurant & Sports Bar Rubio's Fresh Mexican Grill	TGI Friday's
Snack Bar or Gift Shop Space	Sweet Jill's & Polly's Coffee Bar	Sweet Jill's/ Polly's/ Quiznos
Kiosk North & South Baggage Claim	Sweet Jills & Polly's Coffee Kiosk	
Kiosk North & South Boarding Areas	Outtakes- Fresh Market Style Grab n' Go	

As you will notice from the selection of concepts, in addition to securing partnerships with staple local favorites, we are also proposing some regional and national brands. This combination of brands and local concepts offers airport employees, travelers and businesses variety, thereby increasing concessions traffic flow and retaining patronage at the Long Beach Airport.



## CREATIVE HOST SERVICES, INC.

A member of the Compass Group®

For the upstairs area of the main terminal, Creative Host has partnered with Legends Restaurant & Sports Bar, a 25-year resident of the Belmont Shores community. Legends exemplifies the sports bar theme in Southern California. Combined with the aviation art deco restaurant, customers will be spreading the word of greatness across the nation. To open up the selection of food to the patrons of Long Beach Airport, Creative Host has presented a Rubio's Fresh Mexican Grill. Rubio's is a long-time west coast traditional Mexican eatery that boasts a Healthy Fresh menu, and its name recognition is widespread in over eighty SoCal areas.

For the downstairs area of the main terminal, we are offering Sweet Jill's Bakery with a Deli twist. Sweet Jill's is also a pillar of the community in Belmont Shores and has been successful for over 15 years. A long time favorite of the Long Beach residents and famous for their Cinnamon Twists, Sweet Jill's will be once again exposing the airport travelers to the delectable aroma of freshly baked products. Polly's Coffee Bar will be the center of attention once the travelers learn that they roast their own coffee right in Long Beach! Polly's Coffee Bar will provide their specialty coffee drinks and hand crafted coffee flavors. Travelers will also be able to purchase coffee freshly ground coffee to take home. In addition to the downstairs area of the main terminal, Sweet Jill's and Polly's is being offered for the Baggage Claim areas as satellite kiosks which will provide pre-packaged food stuffs that are freshly made daily.

In the North & South Boarding Areas, we recommend Outtakes, a European hybrid of a retail convenience store and a fresh market. Outtakes will offer fresh food to go in a pre-packaged environment, which will provide solace to those waiting to board their flights. In addition to food, Outtakes will also provide bottled beer & wine adding an exceptional element otherwise unavailable to Long Beach travelers.

Creative Host is proposing a fair and comprehensive financial plan for the Long Beach Airport, as we feel that the combination of the proposed local and regional concepts is maximizing the full potential of the concessions spaces. In addition to developing the local concepts in the we are aggressively reaching out to neighborhood businesses to utilize Legends restaurant for events and daily luncheon meetings. We are proposing a MAG of \$695k with Percentage Rents for Food at 15% and Liquor at 20%. Because we will be providing strong concepts and outreaching to the community, we feel secure with our financial proposal. Due to the concepts we are proposing, in order to portray the right image, we feel that an above average capital investment of \$3.5M is the best solution to provide top-notch concessions that Long Beach can be proud of. In addition to our commitment to initial capital investment, we are prepared to offer a mid-term refurbishment of \$500k to sustain the highest quality in appearance.

Thank you again for allowing us to submit this proposal.

Sincerely,

Sayed Ali  
Chief Executive Officer

**EXPERIENCE STATEMENT**



Creative Host Services, started in 1987, has developed into an exciting Company currently engaged in the business of conceptualizing, developing and operating food, beverage, cocktail lounge concepts, and other concessions at airports across the United States. We cater only to the airport market and have gained a considerable amount of experience over the past 17 years.

Creative Host is very focused on its ability to build and maintain strong relationships with popular national, regional and local brands and has built a foundation out of doing so. As an operator of mainly moderate sized airports, Creative Host is especially invested in introducing unique concepts to the airport environment. The Company specializes in developing a combination of popular brands from the local community as well as the influential national brands that are promoted among all consumers. This unique and creative pairing of concepts has proven to be very popular in the consumer market, and Creative Host feels that this ability to combine the strong ties of the local community with the national brand names has helped contribute greatly to their financial and consumer success.

Since 1989, the Company has opened approximately 170 concession locations at 39 airports, including, but not exclusive to such lucrative locations as Los Angeles, Denver, Pittsburgh, and Boston, among others. In recent acquisitions, the Company will soon be opening concessions in Minneapolis St. Paul, Dallas-Ft.Worth, and Memphis. However, the backbone of the success of Creative Host has been the moderate sized airports that have been, and can be built into "hot spots" for travelers to descend upon with excitement and satisfaction. With over half of the Creative Host concession locations in secluded areas of the United States, gross revenue has had an impressive and consistent annual growth.

In November of 2000, Creative Host completed a successful acquisition of GladCo Enterprises, Inc., an airport concession operator with a strong presence in the northeastern United States which helped increase the Company's market share. Recently, Creative Host Services Inc. was acquired by Compass Group PLC. Compass Group USA is the world's largest contract food service company with operations in more than 90 countries. Compass

L  
o  
n  
g  
B  
e  
a  
c  
h  
M  
u  
n  
i  
c  
i  
p  
a  
l  
A  
i  
r  
p  
o  
r  
t



Group, a UK based company, has an international presence in airport concessions and operates in 140 airports across the world.

This merger has strengthened the already solid structure of Creative Host Services, and will allow the Company to provide better service while expanding the market base.

Currently, within its own operations, Creative Host Services is performing retail sales of up to \$800 per square foot at certain airport concessions across the U.S. The Company has averaged sales increases of more than 8% at acquired locations in existing facilities.

Additionally, same store sales have increased more than 7% over the last three reporting seasons, prior to September 11, 2001.

Creative Host Services is extremely liquid and very financially strong. We are able to finance from our own cash flows and have the strength of Compass Group, worth \$10 Billion. We have grown rapidly over the past five years, from a \$18 million dollar company to \$100 million dollar company that is continually awarded new concessions each year. Creative Host has the strength to provide substantial working capital and all the needs of the airport will be met. In addition, Creative Host is committed to the growing needs of the Long Beach Airport and will continue to spend dollars to improve the facilities over the course of the lease term. Additional concessions will be a welcome addition as the opportunity arises and the airport increases in size.

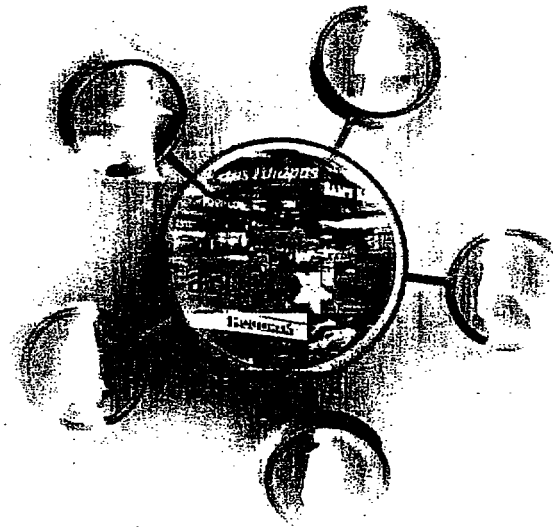
L  
o  
n  
g  
B  
e  
a  
c  
h  
M  
u  
n  
i  
c  
i  
p  
a  
l  
A  
i  
r  
p  
o  
r  
t

Experience Summary



Creative Host Services management staff has over 40 years of combined experience in conceptualizing, developing and operating airport concessions.

- Located at 39 airports with 170 locations nationwide.
- Historical revenues: 2005 Projected = \$105M, 2004 = \$75M, 2003 = \$40M
- Above average sales, per square foot, at various airports. Averaging in excess of a 14% increase in sales annually at several airport locations.
- History of above average revenue per enplanement (RPE).
- In-flight catering contracts with major airlines, such as United, Delta, US Air, and Northwest.
- Owns and operates several branded concepts, such as Krispy Kreme, Au Bon Pain, Subway, Sbarro, Freshens Smoothies, Famous Famiglia, Fresh City, Anchor Steam Brewing, Samuel Adams, Gordon Biersch, Houlihan's, TGI Friday's, Ben & Jerry's, A&W Restaurants, Chick-Fil-A, Carl's Jr., Pizza Hut and Quizno's
- Ability to attract and secure popular Local, National and Regional Brands.
- Ability to maintain financial stability during unforeseen circumstances such as delays in airport openings, war, and the 9/11 tragedy.
- Innovative concepts with an eye on the future and needs of the traveling public.
- Unique merchandising approach of concept stations (architecturally) and aesthetically separated (refer to rendering).
- Concepts are well received at airports, based on consumer feedback.
- Aggressive marketing approach; frequent eater cards, special promotional merchandising, coffee club, cross-marketing with news, gifts and other entities.
- Airport- friendly pricing structure.
- Extensive customer service and food handling training policy.
- Employment of over 1,000 people in company retail stores and wholesale businesses.
- Concessions designed with family friendly atmospheres & menus for children
- Specialize in Local and Regional concepts reflective of airport cities



Long Beach Municipal Airport

**CURRENT CREATIVE HOST LOCATIONS**



Creative Host is now in 39 airports in 23 states of the United States of America. We are performing over \$900 per square foot on average. Creative Host is also averaging in excess of a 14% increase in sales annually at some airport locations.

**Creative Host Current U.S. Airport Concession**



**California**

Ontario International Airport  
 Los Angeles International Airport  
 Santa Barbara Municipal Airport  
 San Francisco International Airport



**Colorado**

Denver International Airport  
 Colorado Springs Airport



**Florida**

Tallahassee International Airport  
 Orlando-Sanford Int'l Airport



**Iowa**

Des Moines International Airport  
 Eastern Iowa Airport



**Texas**

San Antonio International Airport  
 Midland International Airport  
 Dallas-Ft. Worth Int'l Airport



**Louisiana**

Baton Rouge Metropolitan Airport  
 Shreveport Regional Airport



**Maryland**

Baltimore Washington Int'l Airport



**Kentucky**

Blue Grass Airport



**New Jersey**

Newark International Airport



**New York**

Albany International Airport  
 JFK International Airport  
 Greater Rochester Int'l Airport



**Tennessee**

Memphis Shelby International Airport



**Massachusetts**

Boston Logan Int'l Airport



**Michigan**

MBS International Airport



**Minnesota**

Minneapolis-St. Paul Int'l Airport



**Nevada**

Reno-Tahoe International Airport



**Virginia**

Roanoke Regional Airport



**North Carolina**

Piedmont Triad International Airport



**Oregon**

Portland International Airport



**Pennsylvania**

Pittsburgh International Airport  
 Leigh Valley International Airport  
 Philadelphia International Airport



**South Carolina**

Charleston International Airport  
 Columbia Metropolitan Airport  
 Greenville-Spartanburg Regional Airport



**South Dakota**

Sioux Falls Regional Airport



**Wisconsin**

Dane County Regional Airport  
 Outagamie County Regional Airport



**Alabama**

Mobile Regional Airport

Long Beach Municipal Airport

## WRITTEN PROPOSAL



Creative Host Services is offering food and beverage concessions to the Long Beach Airport that are congruent with the overall goals and objectives set forth in this RFP. By proposing a Legends Restaurant & Sports Bar, Rubios, Sweet Jills Bakery, Quizno's Subs, Polly's Coffee Bar, and Outtakes Fresh Market To-Go, Creative Host strives to meet and exceed those goals. We believe that these concepts will bring energy and excitement to the concession spaces that will serve to revitalize the area, and increase revenue. Incorporating a combination of Local, Regional and National concepts, we hope to provide every traveler with the best of Long Beach City.

Our Company goal is to make our concessions as successful as possible by offering what passengers want in ways that relate to them. We believe that by bringing innovative ideas and concepts to the Long Beach Airport, both the airport and Creative Host Services will mutually benefit from each other. We stand ready to bring our experience and superior customer service skills to the Airport, to ensure a pleasurable experience for all vacationers and travelers alike.

In conjunction with excellent customer service, Creative Host Services has taken into consideration that customers have favorite brands, be they local, regional or national. Creative Host has made every effort to directly respond to the desires of Long Beach residents and visitors in the formation of this Proposal and the concepts chosen within. In developing the optimum concept, product and operational mix for an airport and to insure that the concept that Creative Host develops and proposes to our clients is reflective of the Airport as a "Food Service Market", Creative Host Services makes conscience decisions based upon customer research and the following guidelines – "Today's Restaurant Values".

TODAY'S RESTAURANT VALUES



According to the traveling populace, below is a listing of the restaurant values most sought after by airport patrons. As you will notice several requests relate directly to customer service, it is these values that we use as a basis to standardize our superior customer service training programs.

- Proper Price/Value/ Quality Relationship
- Good Food Fast
- Good for You
- Fresh Food
- Knowledgeable Staff
- Premium Ingredients
- Clean Facility
- Stylish Uniform
- Integrated Graphic Design
- Fits with Today's Lifestyle
- Satisfying Tastes
- Unique Offerings in Unique Surroundings
- Sights, Sounds, Smells

**Top Concerns of a Typical Quick Casual Restaurant User**

*(All ratings are on a 1 to 10 scale with 10 being high)*

<u>Concern</u>	<u>Rating</u>
Great Tasting Food	9.63
Food is Prepared the Way I Like It	9.50
Food is Consistent Time After Time	9.48
Serves the Type of Food I Like	9.44
Clean Dining Spaces	9.30
Good Value for the Money	9.17
A Good Place for Lunch	9.17
Offers Healthy Choices	9.06
Friendly Staff	8.98
I Receive my order Quickly after Ordering	8.93
Location is Convenient	8.87
Reasonable Prices	8.74
Order Time is Fast	8.59
Seating is Readily Available	8.34
Has a Selection of Value Priced Combination Plates	8.17
A Good Place for Carryout/Take-Out food	8.17
I Can See Food Being Prepared	7.99
Pleasant Décor	7.64

(Research by private national airport survey company)

Long Beach Municipal Airport



**PROPOSED CONCEPTS & MEETING THE GOALS**



**L  
o  
n  
g  
  
B  
e  
a  
c  
h  
  
M  
u  
n  
i  
c  
i  
p  
a  
l  
  
A  
i  
r  
p  
o  
r  
t**

In following with our own company philosophy, Creative Host Services has chosen the proposed concessions not only for their excellent revenue and market reputation in cuisine, but also based on their commitment to the Long Beach community.

**Proposed Concepts**

<u>Location/Space</u>	<u>Concept</u>	<u>Alternate Concept</u>
Restaurant/ Bar/ Outdoor Deck	Legends Restaurant & Sports Bar Rubio's Fresh Mexican Grill	TGI Friday's
Snack Bar or Gift Shop Space	Sweet Jill's & Polly's Coffee Bar	Sweet Jill's/ Polly's/ Quiznos
Kiosk North & South Baggage Claim	Sweet Jills & Polly's Coffee Kiosk	
Kiosk North & South Boarding Areas	Outtakes - Fresh Market Style Grab n' Go	

This comprehensive proposal encourages outreach to local businesses and in doing so, we have provided successful local companies to provide the quality food airport customers expect. At Creative Host Services we recognize that products and trends are constantly changing. To cater to the airport businesses, we wanted to provide local solutions to their provisioning needs. All of the concepts / brands located in Long Beach recognize the growing trend for more quality healthful foods. The increased customer awareness and their heightened expectations for healthful food offerings have been addressed by each of the individual concepts.

To increase service in the terminals and boarding areas, we are suggesting new marketing ideas that include cross promotions with Local events, such as the Long Beach Grand Prix. Other marketing plans for the airport are taste testing products from Sweet Jill's, business card drops for free lunches, providing fresh ground coffee at Polly's Coffee Bar for travelers to take home, take away To-Go menus, sponsorships of local events increase brand recognition, and to facilitate catering to airport businesses and airlines. Each of the local areas that house the existing concept locations will promote the airports concessions as well. In addition to the marketing techniques utilized, we will also be cross marketing within each of the local favorite concessions, all Award winning menu items from the proposed concepts will be offered in the Grab n' Go areas to provide all airport customers with the opportunity to experience a piece of Long Beach city culture.