

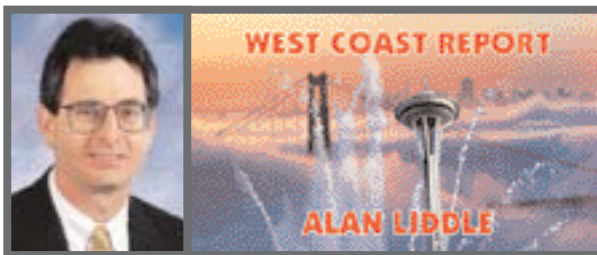
Coffee focus still brewing strong in West Coast cities

In terms of coffee outlets per 10,000 residents, nine of the Top 10 U.S. cities or metropolitan areas are found on the West Coast, recent NPD Group research determined. And regarding the Top 10 cities by total number of joe-dispensing establishments, the West Coast again dominates, with six representatives, according to the trend investigator.

It's nice to have such things quantified from time to time, but those findings hardly are news to anyone who lives in or travels through that region. For decades, entrepreneurial beanheads, consumer demand and spirit of adventure have combined here to create a percolator of sorts that draws up and concentrates coffee innovation.

NPD's restaurant census ReCount division determined that, overall, the number of domestic coffee outlets increased by 7 percent in the most recently tracked 12-month period. It reported that the Top 10 cities/metropolitan areas by coffee outlets per 10,000 residents and the number of outlets per 10,000 people were: Anchorage, Alaska, 2.8; Seattle-Bellevue-Everett, Wash., 2.5; San Francisco, 2.2; Bellingham, Wash., 2.1; Portland, Ore.-Vancouver, Wash., 2.0; Bremerton, Wash., 1.9; Boulder-Longmont, Colo., 1.8; Olympia, Wash., 1.8; San Louis Obispo-Atascadero-Paso Robles, Calif., 1.6; and Santa Rosa, Calif., 1.5.

The Los Angeles-Long Beach area is tops among U.S. cities/metro areas in actual number of retail coffee outlets, with 801, according to NPD. The Port Washington, N.Y., company reveals the other nine as Seattle-Bellevue-Everett, 628; Chicago, 568; New York, 525; Portland-Vancouver, 419; Minneapolis-St. Paul, 384; Washington, D.C., including parts of Maryland, Virginia and West Virginia, 379; San Francisco,



373; San Diego, 344; and Orange County, Calif., 326.

West Coast dominance in the coffee bar/shop development race is evident, but how did we get here? Obviously, much of the credit has to go to Starbucks Corp. The Seattle company's Starbucks Coffee chain has more than 9,000 retail locations worldwide, a good portion of which are in its home market, the West Coast.

But the Starbucks phenomenon did not spring from a vacuum, nor is it solely responsible for contemporary coffee fanaticism along the Western Seaboard. The sparks that lit the current caffeinated-beverage inferno originated from many places, including espresso-selling hole-in-the-wall joints in San Francisco's North Beach Italian district.

In the 1970s, but possibly as late as the early '80s, at least one luxury hotel in San Francisco was realizing impressive incremental sales in one of its fine-dining restaurants with a tableside coffee cart. The cart was operated by a woman who brewed-to-order beverages made with beans imported from exotic coffee-growing regions

and who tried to share with guests the romance of coffee as well as its variety of flavor profiles.

Proof that the "Left Coast" was becoming a hotbed of latte lovers early on also was evident in the 1982 formation of the Specialty Coffee Association of America in Long Beach.

Starbucks the past few years has staked its claim as the major force in the drive-thru espresso wars, ending its last fiscal year with about 700 such auto-oriented stores. However, the groundwork for that concept was laid in the late '80s and early '90s by West Coast independent operators and small groups, including Coffee People, now a Diedrich Coffee division, which opened its Motor Moka in Portland, Ore., in 1990.

Another Oregon operator and franchisor, Dutch Bros. Coffee of Grants Pass, is among the larger also-rans in the drive-thru espresso niche, with more than 60 such outlets in the West as of mid-March.

Nonetheless, people still are waking up to the refinement of coffee marketing and consumer education in these parts.

Pastry chef Kimmel Kington of San Francisco's Fog City Diner recently joined with specialty coffee supplier and retail coffee bar operator Boyd Coffee Co. of Portland to educate food and restaurant writers about pairing coffees and pastries. Boyd's Gary Jacob supplied pairing insights based on the characteristics of certain blends, and Kington turned out such eye-opening fare as raspberries stuffed with chocolate-Chambord-truffle paste. The berries were served with a coffee made from a combination of beans from Indonesia, Brazil and Colombia.

NEWS

O'Hare Panda Express could lose minority status in contract crackdown

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company 15 days to prove it conforms to rules governing minority contract set-asides.

"At this point [the notification] is just an allegation," department spokeswoman Breeelyn Pete said in mid-March, when a potential shutdown of the restaurants or Crucial's rebuttal of the city's action still were pending.

Crucial would be forced to close the two restaurants unless it could provide evidence to contradict the city's notice, Pete said. Under municipal regulations all minority-certified city concessionaires must be owned and operated on a day-to-day basis by African-American-, Hispanic- or women-owned businesses, she said.

The procurement department is

studying all contracts under orders from Mayor Daley, who vowed to bring reform after another scandal was revealed last month.

Chicago's affirmative-action contracting program, which dates back to the 1980s mayoral term of the late Harold Washington, the city's first and only black mayor, often has been accused of falsely certifying some contractors as minority-owned. The city has awarded such contracts to at least 2,400 companies that have been certified as eligible.

The procurement services department, whose administration has been beset by turnover, found discrepancies in ownership records for the Panda Express concessionaire as it began a "top-to-bottom review of all certification files," Pete

said. "We discovered some evidence in the file that gave us pause and led us to the action we took."

According to a Chicago Tribune report, the city had evidence of ineligibility several months before the City Council approved Crucial as qualified as a minority-owned business to win the O'Hare concession to operate the Panda Express outlets. The 1997 application listed Antoin "Tony" Rezko, a Syrian immigrant, as Crucial's general manager in charge of all aspects of operations.

Rezko's franchise companies reportedly operate about 50 Panda Express and 100 Papa John's Pizza outlets in the Midwest.

News reports identified Rezko as a fund-raiser and adviser for Illinois Gov. Rod Blagojevich as well as a

donor to many other politicians.

The Tribune reported that documents it had obtained show that Rezko now is listed as president of Crucial, which had revenues of \$5.5 million in 2002.

The original application listed Jabir Herbert Muhammad, an African-American and son of the late Elijah Muhammad, founder of the Nation of Islam, as Crucial Inc.'s largest shareholder. A later department report said Rezko, who has licensing rights for the Panda Express brand in Illinois and four other Midwestern states and also owns a sizable amount of real estate, actually was the majority owner of the two airport branches and more than 100 other restaurants.

Rezko would not qualify as a

minority under city regulations. His spokesman, Guy Chipparoni, said Rezko was out of the country and unavailable for comment.

Phone calls to the office of Crucial Inc., which has a different location and phone number than Rezko's office, and to a spokesperson for Rosemead, Calif.-based franchisor Panda Restaurant Group, were not returned by presstime.

Chipparoni said news reports in Chicago's daily newspapers and on local television stations contained inaccuracies. "The news reports have been more politically based than about the restaurant business," he claimed.

The spokesman further said Rezko would deal with the allegations upon his return to Chicago.