

AGENDA



Thursday, July 24, 2008

**Aviation
RECOMMENDATION FOR COUNCIL ACTION****Item No. 15**

Subject: Authorize an amendment to the airport concession lease agreement with Armadillo Café & Cantina Inc. d/b/a Waterloo Ice House to extend the term, require the concessionaire to renovate and make improvements, including improved signage to the facility, and to modify and update other lease terms including the authorized menu, percentage rent, and events of default.

Amount and Source of Funding: Revenue Generating Lease.

Fiscal Note: There is no unanticipated fiscal impact. A fiscal note is not required.

For More Information: David Petersen, 530-7526.

Boards and Commission Action: Recommended by the Austin Airport Advisory Commission.

Armadillo Café & Cantina Inc. has operated an airport food and beverage concession in the East Food Court area of the Barbara Jordan Terminal since the Austin-Bergstrom International Airport opened in May 1999. Originally, the concession operated under its own name serving a Tex-Mex menu. However due to poor sales, in November 2003, the concessionaire entered into a franchise agreement with Waterloo Ice House, and has operated using Waterloo's brand name and menu since that time. The term of the lease is ten years, and expires at the end of May 2009.

Under the proposed amendment, the term of the lease would be extended by an additional five years, ending May 30, 2014, with the option for an additional two year extension, provided certain performance measures related to contract compliance, customer service, financial goals and DBE compliance are met. In consideration of the lease extension, the concessionaire will be required to modernize and renovate the facility, including improved signage.

Under the concession agreement, the concessionaire pays as rent the greater of a minimum annual concession fee or a specified percentage of its gross revenue. As further consideration for the lease extension, the percentage rent will be increased. Other provisions of the lease will be updated and revised, including such provisions as default and remedies.

Airport concessions are subject to the Federal Airport Concession Disadvantage Business Enterprise (ACDBE) regulations (49 CFR Part 23), and the Federally approved City of Austin ACDBE plan. Armadillo Café & Cantina, Inc. is owned 100% by Ms. Mary Esther Coronado, a Hispanic female. Ms. Coronado has committed to becoming re-certified under the Federal ACDBE program. The amendment will not be granted unless and until such time as Ms. Coronado becomes re-certified, or otherwise complies with the City's ACDBE program.