

AGENDA



Thursday, July 24, 2008

**Aviation
RECOMMENDATION FOR COUNCIL ACTION****Item No. 16**

Subject: Authorize an airport food and beverage concession lease agreement with NGSi-NL LLC for a term of five years, with an option to extend for an additional period of two years.

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.

News and Gift Shops International – Austin JV currently has an airport news and gift concession under which it operates number of shops at the Airport, including a specialty retail store known as In Celebration of Golf. The store is located between gates 6 and 7 across from the East Food Court. As part of the overall renovation of the East Food Court area, NGSi proposes to convert In Celebration of Golf into two food and beverage venues: A Ruta Maya Coffee Shop, and a Neuvo Leon restaurant. Because of the different terms and conditions applicable to a food and beverage concession versus a news and gift concession, a new food and beverage concession agreement is proposed for the Ruta Maya and Neuvo Leon venues. NGSi's news and gift concession will be amended to delete the In Celebration of Golf venue.

The term of the concession lease agreement would be 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. The concessionaire will be required to renovate the existing retail store, converting it into Ruta Maya, and Neuvo Leon as described above.

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. The percentage rental will be the same as that paid by East Food Court concessionaires under proposed lease extensions

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. Ms Rosiland Oliphant dba Folktales Bookstore, a certified African American female DBE, will have a 22% ownership interest in the new company, thereby meeting the City's ACDBE Concession goal of 22%. Ms. Oliphant is also the DBE member of News and Gift Shops International – Austin JV.