

## AGENDA



Thursday, August 20, 2009

**Aviation  
RECOMMENDATION FOR COUNCIL ACTION****Item No. 3**

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**Subject:** Approve negotiation of a lease with ABIA Retail Development Venture, L.L.C., Austin, Texas for a tract of approximately 13 acres of land at Austin-Bergstrom International Airport to develop for commercial retail uses.

**Amount and Source of Funding:** A lease, if agreed to, will be a revenue generating contract.

**Fiscal Note:** A fiscal note is not required.

**For More Information:** Jamy Kazanoff, Assistant Director, 530-6681

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

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Other than the Austin Airport Hilton and in-terminal concessions, there is no retail commercial development on Austin-Bergstrom International Airport property, and little commercial retail development in the immediate vicinity. There is land at the front (north) end of the airport near the Austin Airport Hilton Hotel which is not currently being utilized, and due to its location away from the air operations area, has little or no potential aeronautical uses. The Department of Aviation issued a Request for Proposals in March 2009 seeking proposals from experienced persons to develop, build, and operate a retail commercial center at the Airport. The goals of the Aviation Department were to increase non-airline revenue by generating rental income from under-utilized land, and to improve the products and services available to Airport customers, employees, and other users of the Airport. The RFP required that, at a minimum, proposals include a convenience store/gasoline station, and at least one restaurant. Proposers were encouraged to consider retail establishments that reflect the nature and character of Austin. The RFP also required that a proposal include space for a Cell Phone lot. A Cell Phone Lot is a parking lot where persons who are meeting travelers arriving at the Airport can wait, without charge, until the flight arrives or they receive a call from their party before proceeding to the Terminal for pick-up. A Cell Phone Lot relieves congestion on Airport roads and frees up parking space in the Airport Terminal parking garage for travelers.

The Aviation Department received two proposals, one of which was subsequently withdrawn. The Department is seeking authorization to enter into lease negotiations with the sole remaining proposer, ABIA Retail Development Venture, L.L.C. (ABIA Retail). ABIA Retail is a joint venture between Mooney-Glasgow L.P and Journeyman Construction Company. ABIA Retail's development plan contemplates a limited service hotel, an auto service/gas station, a branch bank, two local food service outlets and two local retail services outlets. The developer is also planning on an "airstream trailer" food court concept, much like that on South Congress Avenue, adjacent to the Cell Phone Lot. The food court will be supplemented by more traditional sit-down restaurants. The developer projected that within three years after execution of a lease, they would have 75% of the tract developed. ABIA Retail's preliminary estimates are that the project will provide up to 400 construction jobs, 300 permanent jobs and a potential economic impact of up to \$48,000,000.

The design and construction of the commercial retail project on the Airport would be subject to the City's M/WBE Ordinance.

Much work however remains to be done before a lease can be brought to Council for approval. Due to the current economic conditions, lenders and potential tenants are being very careful before making binding commitments. This affects such matters as the rent and other lease consideration, the term of the lease, the final site development plan including the specific restaurants and stores that will locate on the Airport, the phasing and scheduling of construction, and what restrictions will be placed on the development due to its location on a public airport. All of which will be the subject of discussion and negotiation between the City and the developer.

If mutually satisfactory terms can be agreed to by the Aviation Department and ABIA Retail, the lease will be brought back to Council for authority to execute.