

AGENDA



Thursday, December 17, 2009

Aviation

Item No. 15

RECOMMENDATION FOR COUNCIL ACTION

Subject: Authorize negotiation and execution of an airport food and beverage concession lease agreement with Brazos Concessions Company/Salt Lick Joint Venture for a term of seven years to operate a market/news and gift shop near the American Airlines ticket counters, two food and beverage venues in the terminal east food court, and a bar located opposite Gate 5.

Amount and Source of Funding: This is a Revenue Generating Lease.

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

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

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

Prior Council Action: Authorization to amend Harlon's Bar-B-Q Concession, and to assign to NGSI-ACS, July 24, 2008.

This action would grant Brazos Concessions Company/Salt Lick Joint Venture (Brazos) the right to operate several airport concessions in locations formerly operated by Harlon's Bar-B-Q. Brazos, an affiliate of Delaware North Company (DNC), a national airport concession company, operates other concessions in the Airport Terminal including Schlotsky's, Salt Lick Barbeque, Austin Java, Book People, and the Longhorn Store.

When the Airport opened, Harlon's was granted a ten year concession for a barbeque restaurant in the Terminal East Food Court, a restaurant/bar opposite Gate 5, and a newsstand and coffee shop on the land side of the terminal adjacent to the terminal entrance near American Airlines' ticket counters. In July 2008, the Council authorized an amendment and extension of Harlon's concession, and an assignment of that concession to NGSI-ACS, an affiliate of News and Gift Shops International. Unfortunately, Harlon's and NGSI were unable to close their transaction, and Harlon's concession was not amended or extended. Instead Harlon's lease expired in May 1999, and shortly thereafter, Harlon's went into Chapter 7 bankruptcy.

If granted the concession, Brazos proposes to completely renovate each of the former Harlon's venues. The barbeque restaurant in the east food court will be replaced by two new restaurants, Hills Café and Nuevo Leon, two well known Austin brands. The bar at Gate 5 will become a Saxon Pub, another familiar Austin landmark. The landside newsstand/coffee shop will become SoCo Market, providing coffee and other beverages, food, newspapers books and magazines, travel accessories and gift items.

The term of the proposed concession lease agreement is seven years. 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. Brazos will pay the same concession fees as did Harlon's for the first year of its lease, and then the concession fees will increase substantially, thereby providing increased non-airline revenue to the airport.

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. The Concessionaire is a joint venture between Delaware North Company, a professional concessions company with operations in airports across the country, and Scott Roberts (Asian-American) owner of Salt Lick Barbecue. The Concessionaire is in compliance with the Airport Concession DBE plan and meets the goals under that plan for a food and beverage concession.